



# 2018

# Annual Activity Report

**Consumers, Health,  
Agriculture and Food  
Executive Agency -  
Chafea**



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# CHAFEA IN BRIEF

## Agency

With 71 staff members, the "Consumers, Health, Agriculture and Food Executive Agency" (hereinafter Chafea or the Agency), is the smallest of the 6 executive agencies created to perform management of EU programmes, leaving the policy role to the Commission. It started in 2005 in Luxembourg as the Executive Agency for Public Health<sup>1</sup>. The Agency's mandate was subsequently extended by the Commission in 2008 and 2013<sup>2</sup> to cover a diverse portfolio of programmes contributing to Commission priorities related to Jobs, growth and investment, Internal market, Digital single market and Trade. Today, in close cooperation with the responsible Directorates General (so called parent DGs) of the Commission, Chafea implements:

## Programmes

### ***4 programmes and the related budget of about one billion euro over the period 2014-2020:***

The **Health Programme**, funding actions aiming to promote and support a European cooperation on a number of most challenging health-related issues such as e.g. chronic and rare diseases, anti-microbial resistance and health technology assessment (parent DGs: DG SANTE and DG GROW);

The **Consumer Programme**, with actions targeting safer products and market surveillance, assistance to consumers on cross-border issues, education and information initiatives as well as providing data in support of policy (parent DG: DG JUST);

The **Better Training for Safer Food initiative**, well-known for promoting European food safety standards in the EU and worldwide, with hundreds of trainings organised each year for professionals (parent DG: DG SANTE);

Since 2016, the **Promotion of Agricultural Products**, which implements actions to increase awareness of the merits of EU products and quality schemes, as well as their competitiveness and market share worldwide (parent DG: DG AGRI).

Chafea ensures that the budget entrusted to its activities is allocated and spent in accordance to the principles of performance and sound financial management. This applies to both the administrative budget (EUR 10.5 million) and the budget devoted to the implementation of the programmes through grants and procurement (EUR 180,5 million in commitment appropriations and 100,7 million in payment appropriations in 2018).

## Vision, Mission, Values

Our Vision is to further develop Chafea as a centre of excellence for programme management, delivering meaningful results and a great place to work.

<sup>1</sup> Commission Decision 2004/858/EC of 15 December 2004

<sup>2</sup> Commission decision 2013/770/EU of 17 December 2013

Our mission is to effectively and efficiently manage activities delegated by the Commission, in line with the priorities set in the delegated programmes and the Directorate Generals guidance, and to deliver efficient and effective support to our clients, particularly applicants, beneficiaries and independent experts ultimately contributing to the positive perception of the European project and the achievement of the policy objectives.

## Key budget-for-results outputs

### CONSUMER PROGRAMME

-  
Consumer safety:  
Christmas lighting chain online market surveillance – 79 samples tested

### HEALTH PROGRAMME

-  
*Traceability and security in the field of tobacco products: study leading to adoption of legislation to protect EU citizens from the impact of fraud and illicit trade*

### BETTER TRAINING FOR SAFER FOOD

-  
*340 officials trained on best practices for the design, implementation and surveillance systems of antimicrobials and their resistance*

### PROMOTION OF AGRICULTURAL PRODUCTS

-  
*Beneficiaries from 18 Member States participating in selected multi programmes - The highest number ever*

## CORPORATE

*"Chafea values its people and team work, a strong client orientation, trust-based partnership with stakeholders and seeks results and improved working methods"*

### Budget for results

Better assessment and communication at project level

### Task force on Simplification

Reducing red tapes and further harmonise procedures

### Value staff and better working environment

Action plan Fit@work in progress

## Daily life

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In a nutshell, Chafea actively promotes the participation to the programmes; performs the daily management of related projects and actions in line with legal and financial procedures; monitors and reports on outcomes; disseminates the programmes results and liaises with stakeholders and partners.

In 2018, the main line remained to tailor Chafea organisation and operations to the Commission's move towards "**better performance**". An internal project team focussed on improving the **evaluation of results** at project level, with as a first output identification of indicators on communication activities to be implemented in 2019. This is a first step to improve transfer of knowledge and feedback to policy DGs. In the context of the adoption of a new Financial Regulation, as well as discussions on the next generation of programmes, **simplification of the programmes management** has been identified as a cross cutting project. It is developed by a Task-force Chafea/ parent DGs, which led to the identification of concrete actions to be developed as from 2019. A major initiative has been launched for documenting and streamlining business processes and procedures.

A customer-oriented approach is at the core of Chafea strategy. The assessment of the operation of Chafea from 2014 to 2016, finalised end 2018, has been overall positive, with 80% satisfaction rate from beneficiaries of grants and 99% satisfaction rate from experts. In view to increase the **quality of its services**, support to stakeholders was strengthened by updating guidance documents related to the participation to the programmes, by organising inception meetings, info days and webinars for all programmes, by making helpdesk available during the whole call process. Chafea website was revamped to better communicate with stakeholders.

**The projects supported by the programmes and their results are available on Chafea database ([https://webgate.ec.europa.eu/chafea\\_pdb/](https://webgate.ec.europa.eu/chafea_pdb/)) which since 2018 is progressively consolidated and improved.**

Chafea manages 23 processes, 81 sub-processes and 413 activities being operational (e.g. budget, finance, management of grants and contracts life-cycle; dissemination and external communication) or horizontal (e.g. accounting, human resources management and people development; information technologies; legal; strategic planning and reporting, internal control and risk management).

In 2018, Chafea brought forward new activities to strengthen its working environment (e.g. setting up scoreboards for better supervision; shared tool for an integrated planning between the 4 programmes) and last but not least to support staff development and engagement:

The Agency finalised its reorganisation to better align its structure to its business. Furthermore, to increase synergy, catalyse exchange of good practices and reduce silo effects, cross-agency competency hubs were created on projects database; communication and dissemination of results; project impact evaluation; procurement; data protection; IT tools. Team buildings have been organised with a focus on Chafea values that will support in 2019 the design of a Chafea Charter. Other initiatives have targeted specific needs (e.g. assessment of staff workload; provision of customized training, knowledge sharing sessions). Due to its small size, the participation of Chafea colleagues to a variety of bodies (such as Chafea staff committee, the learning and development committee, the consultative committee on procurement, the staff selection panels) and project teams is a challenging requirement, nevertheless key to reach the Agency goals.

## EXECUTIVE SUMMARY

The Annual Activity Report is a management report of the Director of the Consumers, Health, Agriculture and Food Executive Agency to the College of Commissioners. An annual report is the main instrument of management accountability within the Commission and constitutes the basis on which Agency takes responsibility for the decisions and the management of resources by reference to the objectives set in the management plan.

### **a) Key results and progress towards the achievement of general and specific objectives of the DG (executive summary of section 1)**

#### **Health Programme**

The [annual work programme \(AWP\) 2018](#) implementing the multiannual Health Programme was published in December 2017. Its implementation led to concrete results for the benefit of Member-States, professional and citizens that are exemplified in section 2.2.3 of this report.

More specifically, Chafea signed service contracts to support the assessment of characterising flavours in tobacco products and concluded two high value tenders, one on alcohol prevention (EUR 1 000 000) and one on food reformulation (EUR 1 400 000). Another two service contracts were signed (under both AWP 2017 and AWP 2018) for the DG GROW communication campaign on medical devices, an important initiative of the Commission supported by the health programme.

Focusing on the key communication priorities indicated by DG SANTE (the European Reference Networks, antimicrobial resistance and vaccination, health technology assessment, the digital single market and chronic diseases), Chafea carried out a variety of activities aimed at communication and promotion of the programme through the EU (see also section 2.2.3.).

Chafea also contributed to the preparation of a proposal for funding public health in the post 2020 programming period. More specifically, the Agency was involved in the data collection & analysis phase of a study on the impacts of possible actions. Consisting of extensive desk research and field research activities, it included so-called "deep-dive" reviews of 70 projects (approximately 160 documents reviewed), document review, text mining analysis, a programme of interviews and targeted e-survey consultations.

From a management perspective, Chafea embarked on implementing 2018 priorities while continuing several legacy activities under the AWP 2017: (a) those related to the funding of the [European Reference Networks \(ERN\)](#); (b) those related to the funding of non-governmental organisations (Operating grants), (c) the grants awarded to the competent authorities of the Member States (Joint Actions); (d) the direct grant agreements with international organisations; and (e) several procurement procedures.

The table below provides an overview of the calls and outputs of Chafea, in terms of procedures launched and signed in 2018.

<b>Health Programme 2014 - 2020 2017 Chafea Work Programme</b>	<b>Proposals submitted</b>	<b>Proposals selected for funding</b>
<b>Actions</b>		
Grants for projects	18 (ERNs) + 14 (Project call)	24 (all ERNs & 6 projects)
Grants for the functioning of NGO or networks	16	16
Direct Grants-International Organizations	7 (4 from AWP 2018 & 3 from AWP 2017)	6 signed in 2018 (3 from AWP 2018 & 3 from AWP 2017)
Joint actions (MS)	8 (1 from AWP 2018 & 7 from AWP 2017)	7 signed in 2018 <sup>3</sup>
<b>TOTAL</b>	<b>89</b>	<b>52</b>

As concerns procurements, a total of 20 procedures were launched in 2018; 9 tenders under the AWP 2018 and 11 tenders under the AWP 2017.

By the end of the year Chafea signed 20 service contracts (6 from the AWP 2018 and 14 from the AWP 2017), with only three tenders still open (published but not awarded) in the first quarter of 2019.

### Better Training for Safer Food

Better Training for Safer Food (BTSF) is the Commission training Initiative aiming to provide trainings to Member State officials and governmental officials of non-EU countries covering food and feed law, animal health, animal welfare and plant health rules.

The trainings organised under the BTSF initiative allow securing and enhancing a high standard of quality of consumer protection and animal health, welfare and plant health. Also, following the "train-the-trainer approach" it improves and harmonises official controls in EU countries and create the conditions for a level playing field for food businesses contributing to EU priority on jobs and growth. The initiative permits a better understand legislative principles and thus allow small and medium-sized EU local food businesses to have better and easier access to the single market and to open new market possibilities for their products. Moreover, BTSF trainings ensure fair trade with non-EU countries more specific developing countries and harmonise the control procedures between EU and non-EU countries.

In 2018, Chafea procured implementation of around 50 different trainings subjects covering a very broad spectrum of the legislation dealing with food, feed, animal health and welfare, plants and plant health, pesticide and pesticide application equipment and packaging materials for food. In this framework 160 training events with the average duration of 4 days, covering most of the food production aspects were offered to almost 5500 participants from EU Member-States and non-EU countries. All these trainings are evaluated by the participants in regard to the content of the training, usefulness, tutor performances, quality of the services and organisation. During 2018, as for the online evaluations, the overall average scores given by the participants per contract for all courses

<sup>3</sup> The minimal timeline of the JAs is usually 15 months (3 months for the nomination + 3 months for the call publication + 9 months from the call closure). In 2018 Chafea succeeded to reduce the time to sign by having all JAs signed by July of year N+1.

(all aspects including logistics) kept high with over 4.5 points out of maximum 5.

In the framework of BTSF annual work programme 2018 the Agency launched the second phase of the existing contracts as well as new calls for tenders and concluded contracts for the launched calls.

Special trainings for EU Member-State officials were organised in Grange (Ireland), in cooperation with DG SANTE Directorate F "Analysis and audit directorate", where specific emphasis was put on strengthening impact of Union overview audits in different areas of food, feed, animal health and welfare, plant health and plant production.

Chafea has taken over 10 e-learning modules and opened enrolment for Member-State officials and non EU officials as well and launched the BTSF Academy platform to create a network to facilitate training. In 2018 more than 3.600 officials from Member States and worldwide have participated in such trainings. The development of the BTSF Academy continues in close cooperation with DG SANTE in order to ease the further improvement of the face-to-face trainings (workshops, seminars etc.) and the e-learning modules.

### Promotion of Agricultural products

For the Promotion of Agricultural products, 2018 was the third year of implementation of the reformed policy for promotion of agricultural products. In this context, two calls for proposals were published in January 2018 announcing 10 different priority topics, including topics dedicated to increasing the consumption of fruits and vegetables in the context of balanced and proper dietary practices, as well as sustainably produced sheep and goat meat. With a total of 182 proposals from 23 Member States, both calls were over-subscribed, providing for good competition among proposals.

58 simple programmes with participants from 14 Member States with total EU co-financing of EUR 97,143,160 have been proposed to be selected, and 21 multi proposals with total EU co-financing of EUR 75,537,451 were awarded. Participants from 18 Member States will implement the multi programmes, the highest number ever.

The Agency further built technical support services for potential applicants and stakeholders from the sector, and intensified the work on organisation of events and campaigns in third countries. One high level mission to China took place with participation of 65 representatives from 23 Member States, and two EU pavilions at trade fairs in China (SIAL and CIIE) were organised during which thousands of local trade professionals increased their knowledge on the characteristics and competitive advantages of EU agri-food products. Two SPS promotional seminars were organised in South Korea and in Iran with presence of over 280 highly qualified local professionals.

<b>Promotion of Agricultural products 2018 Chafea Work Programme</b>	<b>Proposals submitted</b>	<b>Ineligible proposals</b>	<b>Proposals selected for funding</b>
<b>Actions</b>			
Grants for multi programmes	36	4	21 <sup>4</sup>
Grants for simple programmes	146	16	58 <sup>5</sup>
<b>TOTAL</b>	<b>182</b>	<b>20</b>	<b>79</b>

<sup>4</sup> Chafea signed 20 "multi" grant agreements (one awarded project will not be implemented because the beneficiaries decided not to sign the grant agreement)

<sup>5</sup> Selected by Commission Implementing Decision (2018) 6694 of 16.10.2018 on the selection of the simple programmes concerning promotion of agricultural products for 2018 under Regulation (EU) No 1144/2014 of the European Parliament and of the Council

## Consumer Programme

The 2014-2020 Consumer Programme supports the Europe-2020 targets of growth and competitiveness. It integrates the specific Europe-2020 priorities onto the digital agenda for Europe in order to ensure that digitalisation actually leads to increased consumer welfare, sustainable growth, social inclusion and smart regulation.

The Consumer Programme intends to complement, support and monitor the policies of the Member States and to contribute to protecting the health, safety and economic and legal interests of consumers, as well as to promote their right to information, to education and to organise themselves in order to safeguard their interests, supporting the integration of such consumer interests into other policy areas.

The specific actions are aiming at effectively supporting the enforcement of consumer legislation, consumer rights and product safety and also at supporting the promotion of consumer rights through awareness raising and education as well as through capacity building for consumer organisations.

With a view to contribute to these objectives, during 2018 Chafea organised calls for proposals for the operating grants for the functioning of Union-level consumer organisations through the conclusion of framework partnership agreements covering the operating years 2019-2021 and of specific operating grants for 2019. These grants financially support the functioning of Europe wide consumer organisations which do the advocacy work as well as carry out the concrete education and information activities of the consumer organisations to strengthen the national consumer movements both at EU and national levels.

In the context of the 2018 Consumer Annual Work Programme, the Agency implemented the following grant procedures:

<b>Call for proposals</b>			
<b>Consumer Programme 2014-2020 2018 Work Programme</b>	<b>Proposals submitted</b>	<b>Ineligible proposals</b>	<b>Proposals selected for funding</b>
<b>Calls for proposals for projects</b>			
Grants for the functioning of Union-level consumer organisations representing consumer interests	4	1	1
Grant for the functioning of the European Consumer Centres	30	0	30
Payment of Special Indemnities for the Exchange of Officials in the areas of General product safety Directive and Consumer protection Cooperation	71	0	71
Grants for joint actions with Member States to support access to alternative dispute resolution mechanisms for consumers	16	0	Proposals to be awarded first quarter 2019
<b>TOTAL</b>	<b>121</b>	<b>1</b>	<b>102</b>

As concerns procurements, in the area of product safety the Agency signed a framework contract on co-ordinated market surveillance enforcement activities and launched the request for services on support for co-ordinated market surveillance enforcement activities (CASP 2019).

In cooperation between EU Member States and USA, market surveillance activities on Christmas products testing, specifically on "lighting chains" and "presence of chemicals in

toys" have been conducted. The results of the tests were shared with the participating countries during the Christmas season in order to prevent possible risks arising from the trade of non-compliant products.

A survey on Products Recall was launched under the framework contract on Consumer Survey. The fieldwork for the survey was completed and the Interim Report including the first results was shared with the participating countries on December 2018.

During 2018 great focus was given to capacity building activities:

- Under the Consumer Champion programme service contracts were concluded to ensure the web maintenance and hosting services of the platform and an open call was launched for organising training activities and promoting best practice exchange via the community online platform. Training is expected to start early 2019.
- A specific contract for the organisation of workshops in the area of the Consumer Protection Cooperation (CPC) Regulation was signed in October with the aim to provide logistic support to CPC joint activities and capacity building related to the External Alert topic. The activities, expected to start early 2019, will boost the functioning and the modernisation of the CPC Network. Under the previous service contract concluded in 2017 (second phase) the Agency has planned further training initiatives in the field of internet investigations for the Consumer protection Co-operation (CPC) and Consumer Product Safety (CSN) networks (e-Enforcement Academy).
- Likewise, several capacity building initiatives have been undertaken in support of the European Consumer Centres Network (ECC-NET). A workshop was held in October 2018 for increasing the visibility and quality of services of ECCs and particularly on the functioning of the reporting tool (IT-Tool 2).

Regarding the Consumer Classroom project, initiatives have been undertaken for ensuring the hosting of the web portal and to re-launch future education and knowledge sharing activities to be developed from 2019 onwards.

Several contracts have been concluded for behavioural studies on: "Advertising and Marketing Practices concerning travel booking websites and apps"; "Digitalisation of Financial Services" and the "Circular Economy". The latter study was completed in November 2018 and the final report transmitted to the DG JUST.

The Market Monitoring Survey 2017 was completed and the final report transmitted to DG JUST. Regarding the Consumer and Retailers Surveys 2018, although completed, the delivery of the final reports is still pending. The delay in the completion of the project is explained by the length of reporting task, due to the complexity of the project.

## **b) Key Performance Indicators (KPIs)**

The appropriations of the EU spending programmes entrusted to Chafea shall be used in line with the EU Financial Regulation (FR) and notably with the principle of sound financial management and performance (i.e. observe the principles of economy, efficiency and effectiveness). The key performance indicators, as set in the Agency's Annual Work Programme of 2018, are those deriving from regulatory provisions reflecting the aspects of sound financial management as well as legality and regularity of the underlying transactions.

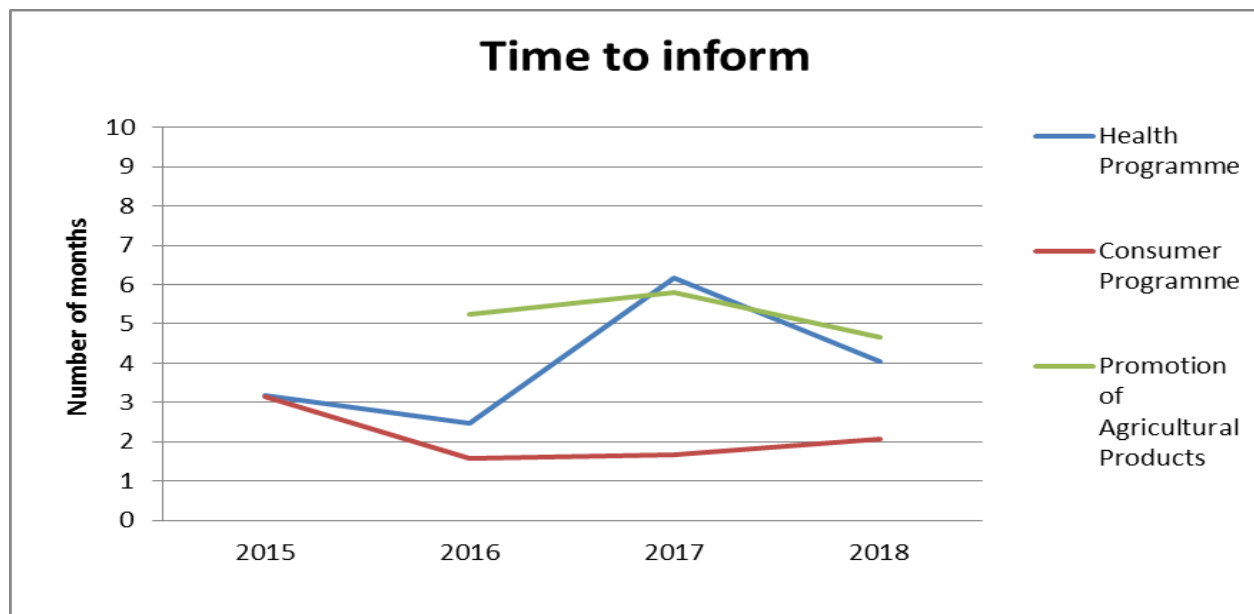
### **1. Time to Inform (TTI)**

According to Art 194.2.a of the FR, the TTI is the period that elapses from the final date of submission of complete proposals and the date on which the applicants receive information of the outcome of the evaluation of their applications. A maximum of six months is fixed for the TTI.

Chafea average time to inform is within the limits for all the programmes. On average Chafea informed the applicants within 3,6 months in 2018, which is considerably below the

time limit set by the Financial Regulation It is worth noting a significant improvement in performance for the Health Programme and for the Promotion of Agricultural Products compared to previous year.

*Average Time to Inform in months, 2015 to 2018*



Time to inform 2018		
Public Health Programme (HP): average 4,0 months	Consumers Programme (CP): average 2,1 months	Promotion of Agricultural Product (AGRI): average 4,7 months
% of applicants informed within legal deadline: 80,05%	% of applicants informed within legal deadline: 100%	% of applicants informed within legal deadline: 100%

The 80,05% score under the Health programme is linked to the time to inform 17 NGOs organisations for FPA operating grants. This is due to the Operating Grants administrative complaints concerning the award of FPA 2018-2021. Indeed the call closed in June 2017 and the amended award decision FPA was June 2018 exceeding the limit (6 months).

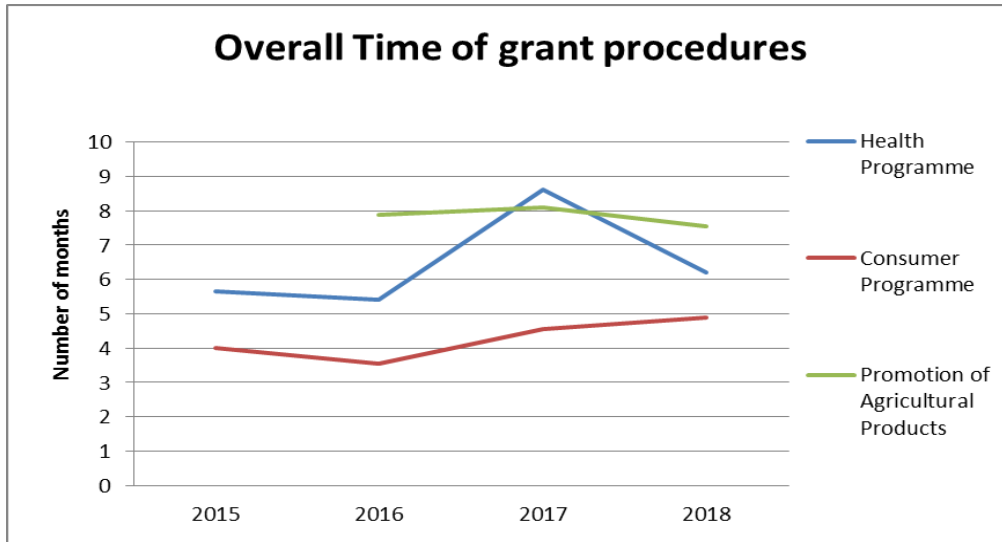
**2. Time to Grant (TTG)**

In Art 194.2.b of the Financial Regulation, the TTG is indicated as the time that elapses between the final date for submission of complete proposals and the signature of the ensuing legal commitment (grant agreement or grant decision) by the Authorising Officer (9 months max).

As presented in the graph below, the average TTG has significantly decreased in 2018 for the Health Programme, while minimal variations are observed for the Consumer Programme and the Promotion of Agricultural Products. In detail, the average TTG was 6,2 months for the Health Programme, 4,9 months for the Consumer Programme and 7,5 months for the Promotion of Agricultural Products.

At the average Chafea signed the grants from the date of submission of the proposals within 6,2 months in 2018.

*Average Time to Grant in months, 2015 to 2018*



The percentage of grants signed within deadline showed a good result.

Time to grant 2018		
Public Health Programme (HP): average 6,2 months	Consumers Programme (CP): average 4,9 months	Promotion of Agricultural Product (AGRI): average 7,5 months
% of grants signed within legal deadline: 96,83%	% of grants signed within legal deadline: 90%	% of grants signed within legal deadline: 100%

### 3. Time to Pay (TTP)

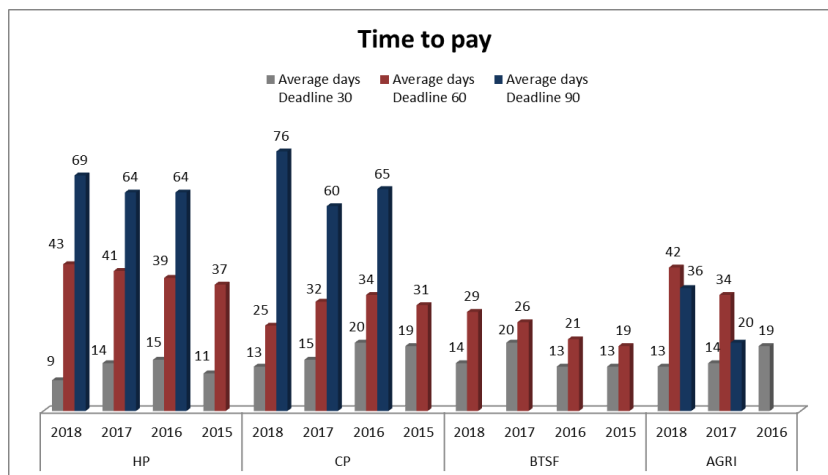
According to Article 116 of the FR, payments shall be made within 90 calendar days for contracts, grant agreements and decisions involving technical services or actions which are particularly complex to evaluate and for which payment depends on the approval of a report or a certificate; 60 days calendar for all other grants agreements, contracts for which payment depends on the approval of a report or a certificate; and 30 calendar days for all other delegation or grants agreements, contracts or decisions. The TTP shall be understood to include validation, authorisation and payment of the expenditure. It shall begin to run from the date on which a payment request is received.

In 2018, the average number of days used for the execution of payments under operational programmes shows a moderate improvement. It was 12 days regarding payments with 30 days deadline, 35 days regarding payments with 60 days deadline and 60 days regarding payments with 90 days deadline. Overall, 96,54 % of all operational payments and 97.29% of administrative payments were executed on time<sup>6</sup>.

The percentage of late payments calculated on the total number of payments executed by the Agency in 2018 is 3%. It is important to note that the materiality was very low, as the amount of late payment interests stands to €648 for the administrative credits and €307 for the operational credits. This result indicates a substantial improvement compared to 2017 when the same percentage was 6%. The actions undertaken in 2018 by the Agency to closely monitor all payment procedures will give a further boost so that this positive trend can further grow in 2019.

*Average Time to pay in days, 2015 - 2018*

<sup>6</sup> Detailed statistics on Time to pay for each programme and type are included in section 2.1 (Efficiency)

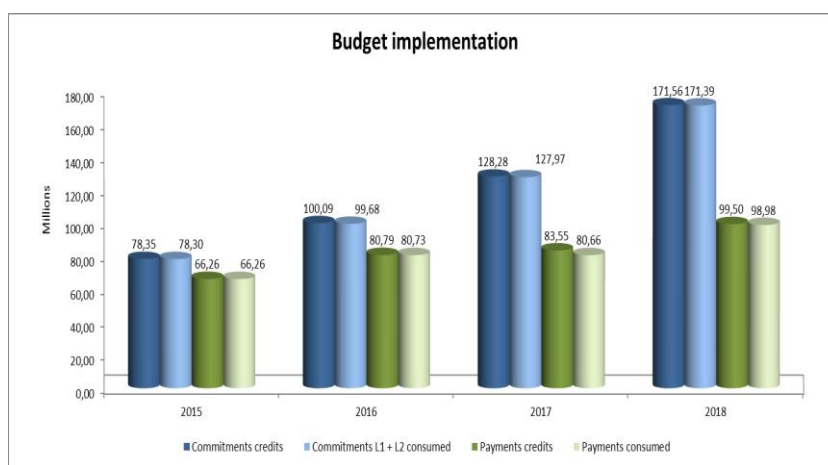


#### 4. Operational Budget Implementation (commitment and payment appropriations)

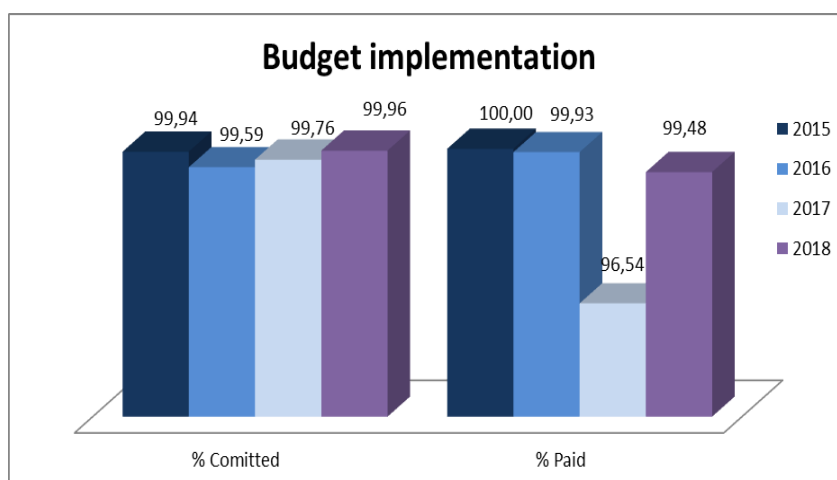
Since the start of the new programme cycle in 2014, Chafea demonstrates a high level of operational budget implementation through both commitments and payment credits.

The graph below presents the budget implementation dynamic from 2015 through 2018. During this period the percentage of implementation was maintained stable (close to 100%) despite the sharp increase of the budget implemented.

*Operational budget implementation 2015 – 2018 expressed in values*



*Operational budget implementation 2015 – 2018 expressed in percentage*



Although Chafea shows an implementation rate of the 2018 operational budget of almost 100% for all the programmes, the actual implementation is relatively low for the Health Programme (~35 % of the budget delegated to the agency) and BTSF (~18%). The result is more favourable for the Agri promotion and the Consumer Programme where the level of individual commitments related to grants and procurement contracts is respectively ~97 % and ~53 %. Initiatives have been taken with the parent DGs in order to anticipate the adoption of the annual work programmes (financing decisions) and to improve the planning and implementation of the actions in order to ensure the full budget will be individually committed in 2019.

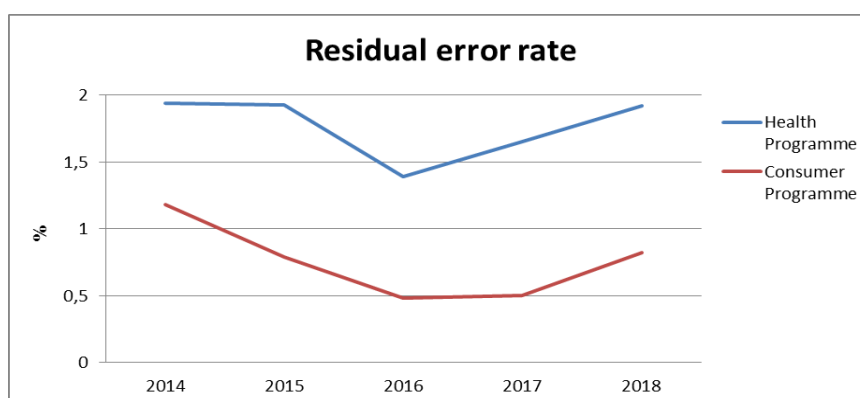
	Health Programme	Consumers	BTSF	Agri Promotion	Total
Commitments Credits	€46.660.733,71	€18.701.025,20	€17.500.000,00	€88.600.000,00	<b>€171.461.758,91</b>
Commitments consumed (L1+L2)	€46.588.310,00	€18.701.025,20	€17.500.000,00	€88.600.000,00	<b>€171.389.335,20</b>
Commitments consumed L2	€16.231.982,47	€10.067.151,41	€3.130.433,44	€85.758.493,17	<b>€115.188.060,49</b>
Payment credits	€46.160.717,34	€19.102.685,97	€9.541.289,78	€24.696.000,00 <sup>7</sup>	<b>€99.500.693,09</b>
Payment consumed	€46.073.227,77	€18.691.721,34	€9.523.289,65	€24.696.000,00	<b>€98.984.238,76</b>

## 5. Residual error rate (ex-post controls)

The amount of the grant shall not become final until after the authorising officer responsible has approved the final reports and accounts, without prejudice to subsequent checks by the institution. Residual error rate reflects remaining errors in the final payments under implemented grant agreements after ex-post controls, including recovery costs.

The residual error rate in 2018 amounts to 1,92% for the Health Programme and 0,82 % for the Consumer Programme, both below the materiality criteria of 2%. No final payments made under Agri promotion in 2018.

*Residual error rate over the period 2014 – 2018*<sup>8</sup>



<sup>7</sup> AGRI credits for 2018 payments was 27 396 000, reduced to 24 696 000 with the "global transfer" procedure.

<sup>8</sup> Two out of the three programmes are presented here, for under AGRI Promotion no final payments were made by 2018

## **c) Key conclusions on Financial management and Internal control (executive summary of section 2.1)**

In accordance with the governance arrangements of the European Commission, the staff of Chafea conducts its operations in compliance with the applicable laws and regulations, working in an open and transparent manner and meeting the expected high level of professional and ethical standards.

The Commission has adopted a set of internal control standards/principles, based on international good practice, aimed to ensure the achievement of policy and operational objectives. The financial regulation requires that the organisational structure and the internal control systems used for the implementation of the budget are set up in accordance with these standards/principles. Chafea has assessed the internal control systems during the reporting year and has concluded that the internal control standards/principles are implemented and function as intended. Please refer to AAR section 2.1.3 for further details.

In addition, Chafea has systematically examined the available control results and indicators, as well as the observations and recommendations issued by internal auditors and the European Court of Auditors. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives. Please refer to Section 2.1 for further details.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director, in her capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

## **d) Provision of information to the Commissioner(s)**

In the context of the regular meetings during the year between the Director and the parent DG on management matters, also the main elements of this report and assurance declaration have been brought to the attention of the agency's Steering Committee and to the parent DGs' Directors General, who have taken these into consideration in their reporting to Commissioner Vytenis Andriukaitis, responsible for the Health and Food Safety portfolio, to Commissioner Věra Jourová, responsible for Justice, Consumers and Gender equality portfolio, Commissioner Phil Hogan, responsible for the Agriculture and Rural Development portfolio and Commissioner Elżbieta Bieńkowska, responsible for the Internal Market, Industry, Entrepreneurship and Small and Medium Enterprises portfolio.

# 1. KEY RESULTS AND PROGRESS TOWARDS THE ACHIEVEMENT OF GENERAL AND SPECIFIC OBJECTIVES OF THE PARENT DGs

This Section provides information on the key results and progress towards the achievements of general and specific objectives set in the Parent DGs Management Plan 2018 and to contribute to the parent DGs policy achievements and generate Union added value.

## 1.1 HEALTH PROGRAMME

In 2018 the Agency further advanced in managing the implementation of the EU 3<sup>rd</sup> Health programme, where new results were made available in order to "complement, support and add value to the policies of the Member States, improve the health of the Union citizens and reduce health inequalities...".

The four Specific objectives (SO) of the 3<sup>rd</sup> Health Programme support the implementation of the priorities of the European Commission and the objectives of the parent DG SANTE transposed into Chafea working objectives.

This part of the report describes the progress towards achieving the objectives of the 3<sup>rd</sup> Health Programme delegated to Chafea, while Annex 12 specifies the correlations between the DG SANTE objectives and objectives of the 3<sup>rd</sup> Health Programme for the current reporting year.

**Specific objective: Promoting health, preventing diseases and fostering supportive environments for healthy lifestyles**

### ***Tobacco service contracts***

Several service contracts were launched in the last years in order to assist the European Commission to fulfil its legal obligations under the [new Tobacco Product Directive](#). Key outputs achieved in 2018 are as follows:

In early 2018 the **Single Framework Contract Chafea/201/Health/36 to support the assessment of characterising flavours in tobacco products** came into operation.

Its objective is to support the specification of the methodology for sensory analyses and to set up the [Technical Group of sensory and chemical assessors](#) which will assist the [Independent Advisory Panel](#) and, ultimately, the European Commission and Member States in the implementation of EU legislation regarding the prohibition of products with characterising flavours foreseen in Article 7 of the Tobacco Products Directive.

A total of 7 requests for service were launched and signed in 2018, providing

- The establishment of a baseline/reference group for product testing.
- The identification, selection, recruitment and initial training of potential sensory assessors.
- The maintenance of the group of sensory assessors, including their performance and monitoring, will start early 2019.

Indeed, these services are relevant in order to determine whether tobacco products placed on the EU market comply with the Directive's rules and, in fine, stop the tobacco industry efforts in making their products more enticing by adding different flavourings<sup>9</sup>.

The second quarter of the year also saw the [publication of the implementation analysis regarding the technical specifications and other key elements for a future EU system for traceability and security features in the field of tobacco products](#). This analysis aimed at assisting the European Commission in drafting secondary legislation on traceability for tobacco products, on related data storage contracts, and on security features applied to tobacco products, providing for a major milestone in the implementation of the TPD<sup>10</sup>.

## Operational system structure

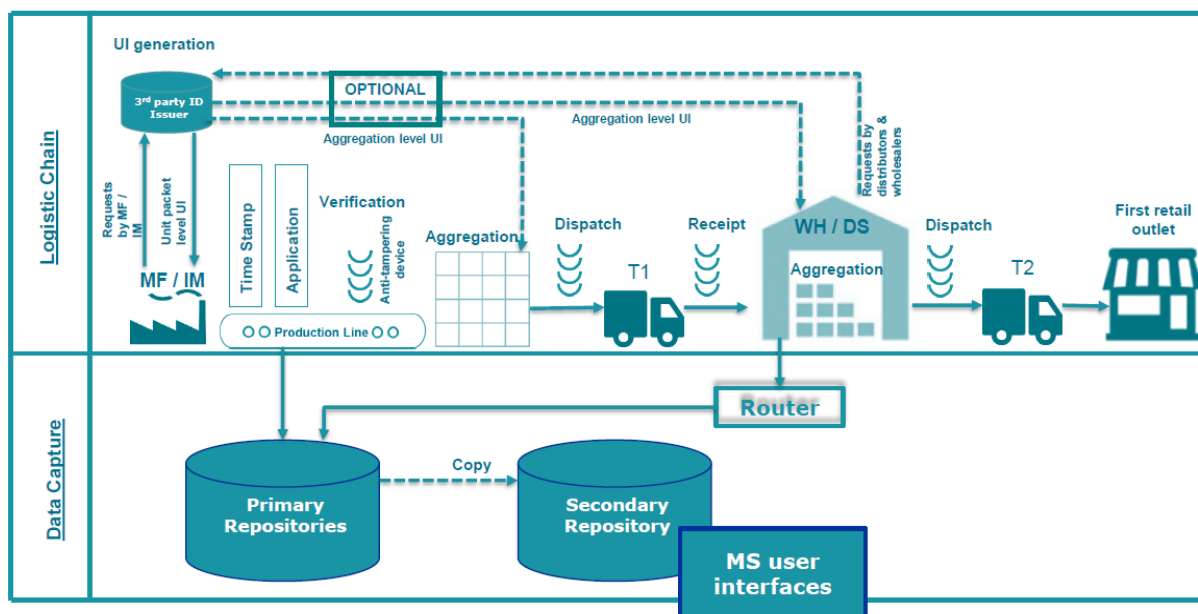


Fig.1: Operational system structure

Currently, manufacturers and importers are in the process of preparing to submit for approval by the Commission:

- The identity of the third party that it proposes to appoint to operate a primary repository ("the proposed provider");
- A draft data storage contract containing the key elements laid down in Delegated Regulation (EU) 2018/573

In parallel, the European Commission organised throughout 2018 a series of regional workshops and webinars to support the technical roll-out of the systems for tobacco traceability and security features, while a dedicated subgroup discusses implementation issues.

The outputs of these discussions have led to the publication of an open call for tender ([Chafea/2018/Health/11](#)) on an expert study on development and configuration of the automatic alerts ("alerts") to be generated by repositories system of EU system of tobacco traceability.

<sup>9</sup> Uniform rules as regards the procedures for [Determining whether a tobacco product has a characterising flavour](#)

<sup>10</sup> Commission Implementing Regulation (EU) 2018/574, Commission Delegated Regulation (EU) 2018/573 and Commission Implementing Decision (EU) 2018/576

## **Joint Action (HA-REACT) - HIV and Co-infection Prevention and Harm Reduction**

Mobilizing 22 partners from 18 member states, the project addressed existing gaps in the prevention of HIV and other co-infections, especially tuberculosis (TB) and viral hepatitis, among people who inject drugs (PWID) and with a special focus on countries with high infection rates. This project contributed to exchange information and good practices in prevention of HIV and co-infections across Member States, thereby improving health of EU citizens.

Activities to improve early diagnosis of HIV, TB and viral hepatitis, as well as linking prevention to care were particularly targeted to Latvia, Lithuania and Hungary as follows:

- An interactive training manual and e-learning package was developed on HIV, HCV and TB testing in low threshold settings for personnel who work with people who use drugs, with special focus on women and peers.
- The Latvian and Lithuanian case studies were used to support the scaling up of harm reduction services in the EU, with seminars, study visits to Spain and Czech Republic and one-week training workshops.
- A mobile unit has started its work in Riga, Latvia as part of the National exchange needles and syringes programme, to test PWID on HIV, to distribute condoms and to give counselling in health and social issues.

A second set of activities focused on the specific setting of prisons involving more closely the Czech Republic and Poland and addressing prison personnel and authorities.

Finally, a survey on harm reduction services in Europe and barriers to access was also carried out, including an analysis of financing of related services and their sustainability.

The results of the action were widely disseminated through the closing event, in the framework of the [4<sup>th</sup> European harm Reduction Conference](#), with all the key publications made available ([training material](#), [guidelines](#), [brochures](#), [reports](#) and [videos](#)).

## ***Health at a glance 2018 report - mental health burden and best practices to address it***

November 2018 saw the publication of the second iteration of the [Health at a Glance: Europe 2018 State of Health in the EU Cycle report](#)<sup>11</sup>.

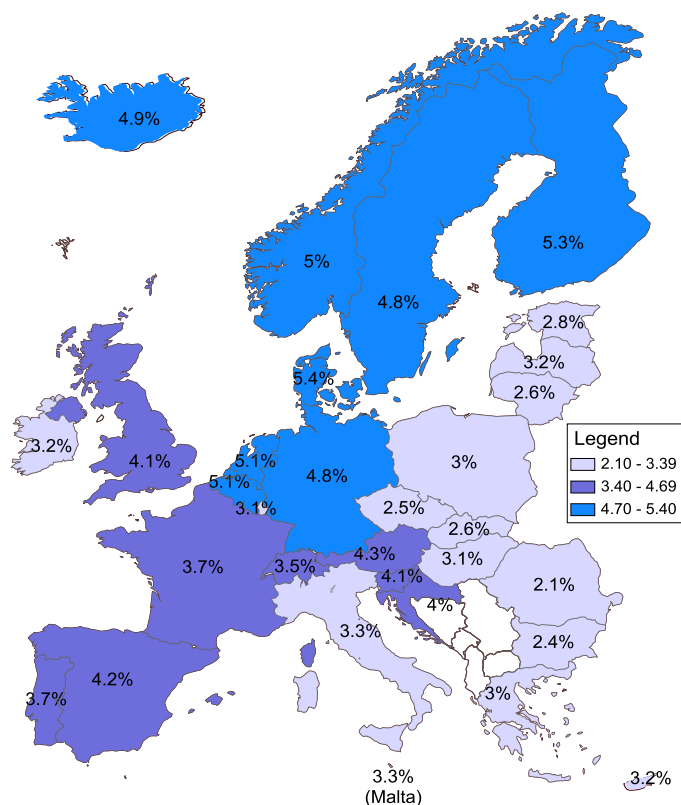
In its thematic focus, the report flagged the very significant burden of mental health: besides the impact on people's well-being, the report estimates the total costs of mental ill-health at over EUR 600 billion – or more than 4% of GDP – across the 28 EU countries.

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<sup>11</sup> As a reminder, the report presents comparative analyses of the health status of EU citizens and the performance of the health systems of the 28 EU Member States, 5 candidate countries and 3 EFTA countries.

The publication has two parts. Part I comprises two thematic chapters, the first focusing on a specific public health issue, the second outlining possible strategies for reducing wasteful spending in health. In Part II, the most recent trends in key indicators of health status, risk factors and health spending are presented, together with a discussion of progress in improving the effectiveness, accessibility and resilience of European health systems.

Fig. 2: Cost of mental health problems as % of GDP



European Commissioner for Health and Food Safety, Vytenis Andriukaitis, commented:

"The report provides useful information for Member States to put a greater priority on the too often neglected burden of mental health problems on people's life and on the economy."

It makes a strong case for more coordinated actions to promote better mental health in schools and workplaces, but also among more vulnerable groups like unemployed people and elderly people. The report highlights the fact that mental health problems, such as depression, anxiety disorders and alcohol and drug use disorders, affect more than one in six people across the European Union in any given year.

The call for action by the Commissioner is supported by two flagship actions co-funded by the health programme in this area:

- [The EU-Compass for Action on Mental Health and Well-being](#) monitors the mental health and wellbeing policies and activities of EU countries and non-governmental stakeholders through an assessment report titled "Progress in Mental Health in the EU Member States and the NGO's"; and has identified and disseminated European good practices in mental health in the following areas:
  - Preventing depression & promoting resilience
  - Better access to mental health services
  - Mental health at work
  - Mental health in schools
  - Preventing suicide
  - Providing community-based mental health services
  - Developing integrated governance approaches

The collected best practices will be evaluated and submitted to the [Steering Group on Health Promotion, Disease Prevention and Management of Non-Communicable Diseases](#) for interested Member States to identify the ones which they would like to take up and implement in the future.

- [The Joint Action on Dementia](#) also promotes collaborative actions among Member States to improve the lives of people living with dementia and their careers.

## Specific objective: Protecting Union citizens from serious cross-border health threats

### **Joint Action EMERGE – Efficient response to highly dangerous and emerging pathogens at EU level**

The project contributes to the setup of an integrated European laboratory infrastructure and strategy to protect European citizens against exposure to a panel of globally recognized high threat bacteria and viruses (risk group 3 bacteria and risk groups 3 and 4 viruses).

With the objective to improve capabilities for rapid laboratory diagnosis of new or emerging pathogens, the action completed three rounds of external quality assurance exercises improving detection methodologies and response capabilities of the participating laboratories.

The project also contributes to improve the preparedness of EU Member States to react quickly and efficiently to possible outbreaks of ZIKA and Ebola. This project also allows coordinating the response in case of outbreaks by networking laboratory diagnosis capacities.



Fig. 3: Network of participating countries/ laboratories

This activity is underpinned by a dedicated training programme, which included 80 trainees from 25 partner laboratories having participated in 23 training courses, covering laboratory methods, bio-risk management, field laboratory training and diagnostic algorithms.

The project is also actively working to improve diagnostic capacity of pathogens inter alia by:

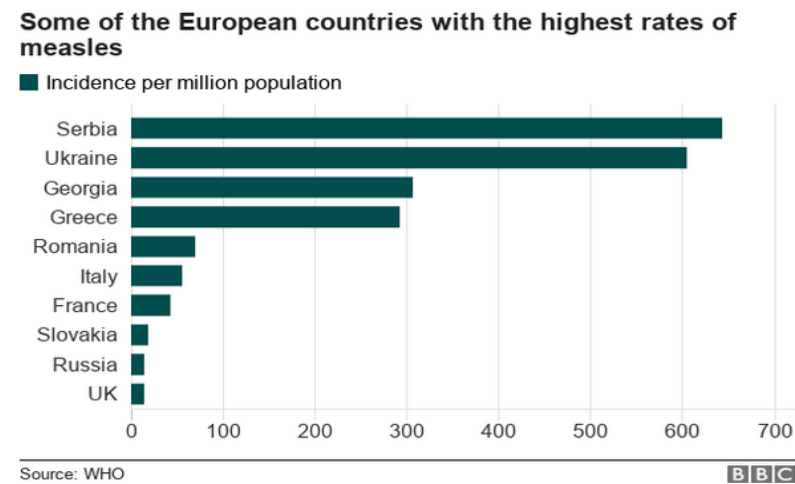
- Using novel technologies (e.g. including genome analyses in diagnostics and characterization);
- Addressing the challenges linked to highly infectious pathogens (so-called risk group 4);
- Developing Standard Operational Procedures (SOP) and determination of breakpoints to compensate lacking standards for highly pathogenic bacteria in Europe.

### **Joint Action JAV – European joint action on vaccination**

Today, more than 100 million children are vaccinated annually against diseases such as diphtheria, tetanus, pertussis, tuberculosis, polio, measles, and hepatitis B. Vaccination prevents an estimated 2.5 million deaths worldwide each year and reduces disease-specific treatment costs, including antimicrobial treatments.

However, several EU and neighbouring countries are currently facing unprecedented outbreaks of vaccine-preventable diseases due to insufficient vaccination coverage rates.

Fig. 4: Incidence of measles in Europe



The waning of public confidence in vaccination, both across the EU and in specific member states, is a cause for concern and a major challenge for public health experts.

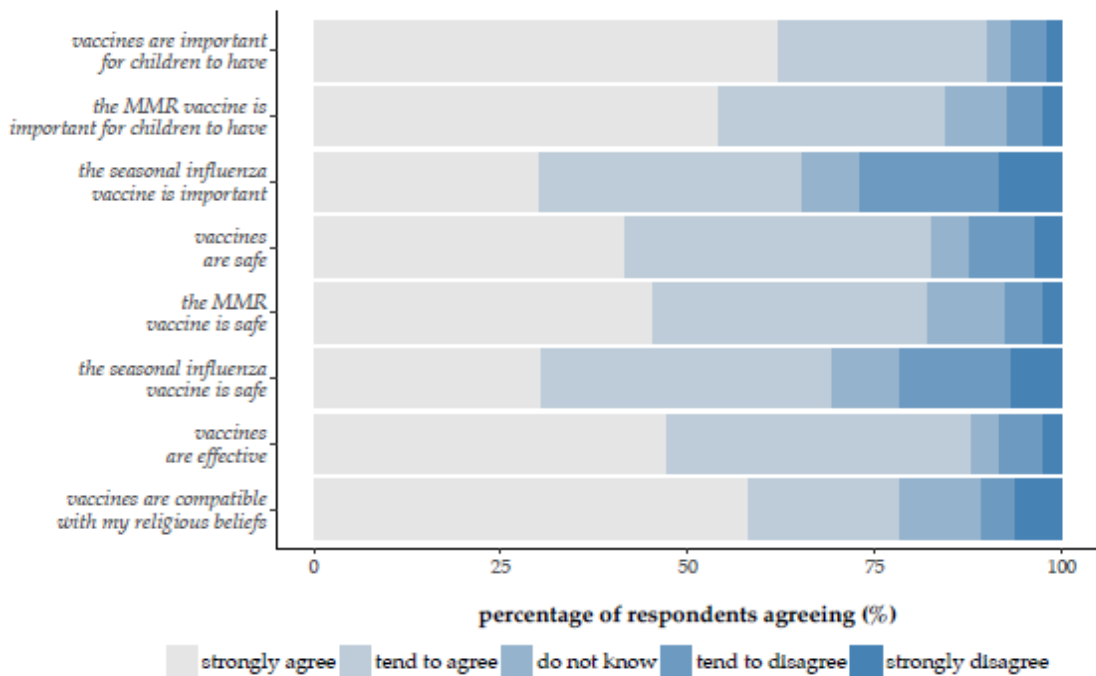


Fig. 5: EU-wide vaccine confidence

To address these issues, the European Commission adopted in December 2018 a [recommendation to strengthen the EU cooperation on vaccine-preventable diseases](#), followed through by [a council communication](#).

Member State's cooperation is supported by the project on vaccination [launched in 2018](#), coordinated by INSERM (France) and involving 23 countries (among them 20 EU countries), expected to achieve the following by its end in 2021:

- A strengthened interaction of Immunization Information Systems in Europe in order to increase vaccine surveillance capabilities

- Mechanisms of vaccine forecasting, supply and stocks management and improved preparedness
- Tools and methods for vaccine research priority-setting and mechanisms to increase cooperation in vaccine/vaccination research
- Best practices and interventions to improve confidence in vaccines
- An efficient dissemination of activities and outcomes of the project contributing to the sustainability of its results through the creation of a European platform called the Vaccine Network composed of the Member States Committee and the Stakeholders Forum.

**Specific objective: Contributing to innovative, efficient and sustainable health systems**

**EU cooperation in the area of Health Technology Assessment**

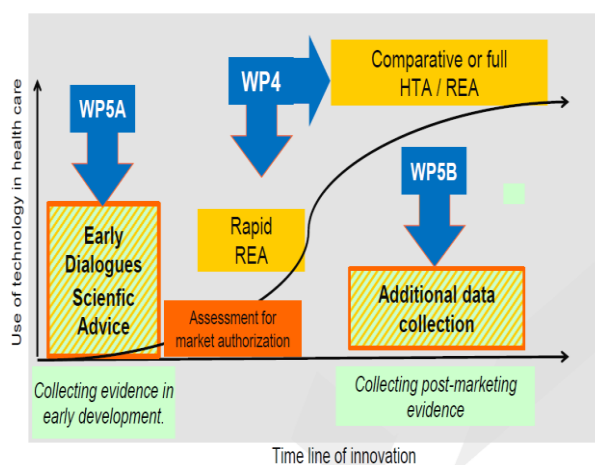
Since 2016, the European Commission has been working intensively on strengthening EU cooperation on Health Technology Assessment (HTA) in response to calls from EU countries, the European Parliament, and interested parties to ensure its sustainability beyond 2020.

Based among others on the results of the [study on impact analysis of policy options for strengthened EU cooperation on HTA](#) (published in late 2017), a legislative proposal was put forward in January 2018 aiming at: reinforcing HTA cooperation at EU level; benefiting all European patients; encouraging innovation and take-up of high-quality "medtech" innovations; and improving the sustainability of health systems across the EU.

The work of the [EUnetHTA 3 Joint Action](#), further underpins this process, by progressing to achieve its main goals of:

- Producing Joint Assessments (circa. 50) and Collaborative Assessments (circa. 30).
- Strengthening the quality and use of evidence generated before (early dialogues) and after the marketing authorization (post-launch evidence generation and registries) of novel medical technologies.
- Facilitating the uptake and reuse of HTA reports produced by Member States in national, regional and local settings.

*Fig. 6: Evidence generation lifecycle - support from JA work packages*



## Use of JA3 Assessments (assessment and dissemination)

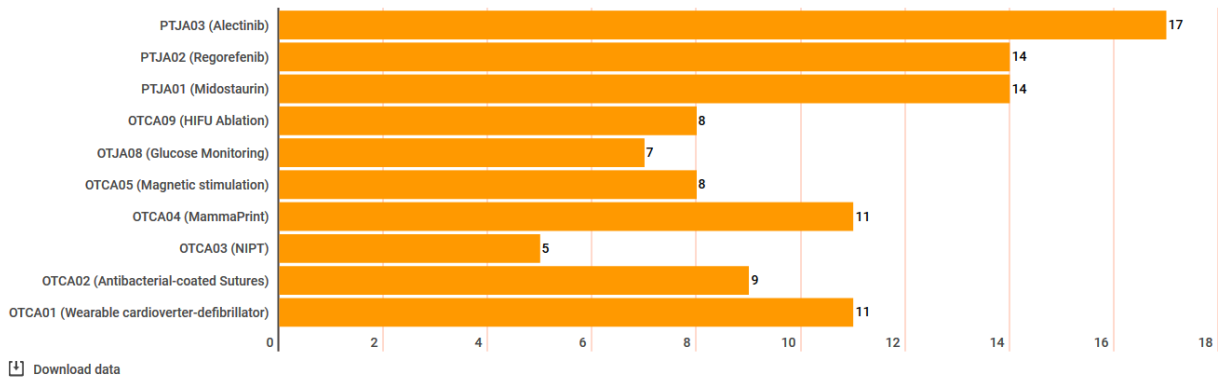


Fig. 7: Current re-use of JA assessments

Regular [stakeholder consultations](#) and events, also co-funded under the Health programme, further support the process of stakeholder involvement, to ensure that industry, patients and member states' authorities all contribute to the stated goals of the EU cooperation in this critical field.

### **Digital innovation - Study on telemedicine solutions**

Following-up on the [mid-term review of the digital single market \(DSM\)](#), which highlighted a strong willingness to facilitate the accessing and sharing of health data for research or treatment purposes, the 2018 the EU Commission published a [communication on enabling the digital transformation of health and care in the Digital Single Market](#).

In support of the above, Chafea procured a [study on the telemedicine market in Europe and the factors that determine its development](#).

The analysis mapped telemedicine applications and solutions, and applicable technical standards and guidelines; it also described market dynamics and potential barriers limiting wider deployment and uptake of telemedicine solutions. Finally, the study assessed the cost-effectiveness of larger-scale deployment of telemedicine under current and future market conditions and provided relevant recommendations for policy makers.



Healthcare mobile app development is one of the fastest-growing areas: it reached €17.64bn in market revenues at the end of 2017 and is predicted to more than double and to reach €38.64bn by 2020.

Europe accounts for 30% of the market (28% for the US) and is the fastest-growing segment.

Fig. 8: Mobile health market value (EUR Billion)

While recognizing existing successful initiatives which have facilitated telemedicine adoption, additional interventions in support of wider deployment and uptake of telemedicine were identified as follows: raising public awareness about the benefits of telemedicine; supporting large-scale projects where telemedicine can be tested and its benefits assessed; and legislative interventions by the EC or MSs to address some of the barriers for telemedicine adoption in the EU.

### **Portfolio of actions in the area of frailty**

In 2018 several projects in the area of frailty prevention, launched in support of the [European Innovation Partnership on Active and Healthy Ageing](#) were funded (FrailClinic, SUNFRAIL, and FOCUS)

Appropriate and early detection of frailty can improve quality of life and autonomy of an ageing population, while reducing un-necessary strains and costs to the healthcare and social services. Among the deliverables of the projects special mention can be made to the following:

The [FrailClinic](#) project provided evidence on the benefit of geriatric assessment and management of elderly patients admitted in non-geriatric settings. The main outcome was an overall common European model to tackle frailty (Frailty prevention approach), based on:

- Validated tools to screen and diagnose frailty in both clinical (surgical wards or emergency rooms) and social settings;
- Clinical pathways aiming to reduce hospital admissions and improve care for the frail patients in the community through adequate local interventions.

The [SUNFRAIL](#) tool, is a nine-question, easy to use tool designed to identify frailty and multi-morbidity.

The tool appears particularly suitable to identify frailty risks in a population without clear signs of disability or not known by services and therefore is appropriate to orient the selection of preventive care pathways.

The main outcome of the [FOCUS](#) project was a double platform, on knowledge exchange and on scaling up successful interventions.

These results will be further complemented in the coming year by other projects: [ADVANTAGE](#), [Frailtools](#), [APPCARE](#).

### **Specific objective: Facilitating access to better and safer healthcare for Union Citizens**

#### **Funding European Reference Networks (ERNs)**



*Fig. 9: Activities of the ERNs*

The EU co-funding to ERNs aims to offer the possibility to work in multidisciplinary teams across different EU countries; increase the level of expertise; build capacity to produce good practice guidelines, implement outcome measures and quality control and provide

support to research coordination and teaching and training activities, thereby contributing to improve the health status of citizen affected by rare diseases. This type of action can only be implemented through EU collaboration.

In 2018, the networks were asked to submit their first implementation reports; sign the grant covering their second year of operations; and submit their proposal of activities for the, grant covering three years 2019 / 2022.

To support the ERNs (during this close sequence of actions), Chafea organised 3 specific events in 2018: a training workshop and a webinar on reporting, as well as a session focused on lessons learned.

Chafea works together with DG SANTE to optimize the impact of the EU-funding to support the ERNs as sustainable structures, delivering standardized and comparable outputs.

**Work on antimicrobial resistance (AMR) - Direct grant agreements with international organisations**

The collaboration between the EU, the OECD and the WHO (incl. the European Observatory on Health Systems and Policies) has yielded the following results in 2018:

- A publication titled ["Stemming the Superbug Tide: Just A Few Dollars More"](#) (grant agreement with the OECD focused on the economic burden and health impact of AMR);

The report estimated the economic burden of dealing with AMR complications to USD 3.5 billion a year on average across the 33 countries included in the analysis. It also found Southern Europe being particularly affected, as Italy, Greece and Portugal are forecast to top the list of OECD countries with the highest mortality rates from AMR. Five simple solutions, offering significant value for money, could significantly diminish the personal and economic cost:

- Delayed prescription
- Public awareness campaigns
- Improving hygiene in healthcare facilities incl. through hand-washing
- Stewardship programmes promoting more prudent use of antibiotics to end decades of over-prescription
- Use of rapid diagnostic tests to detect whether an infection is bacterial or viral

**Stopping antimicrobial resistance would cost just USD 2 per person a year**

- The [One Health Action Plan against antimicrobial resistance](#) (grant agreement with WHO on policies to contain AMR in human health)

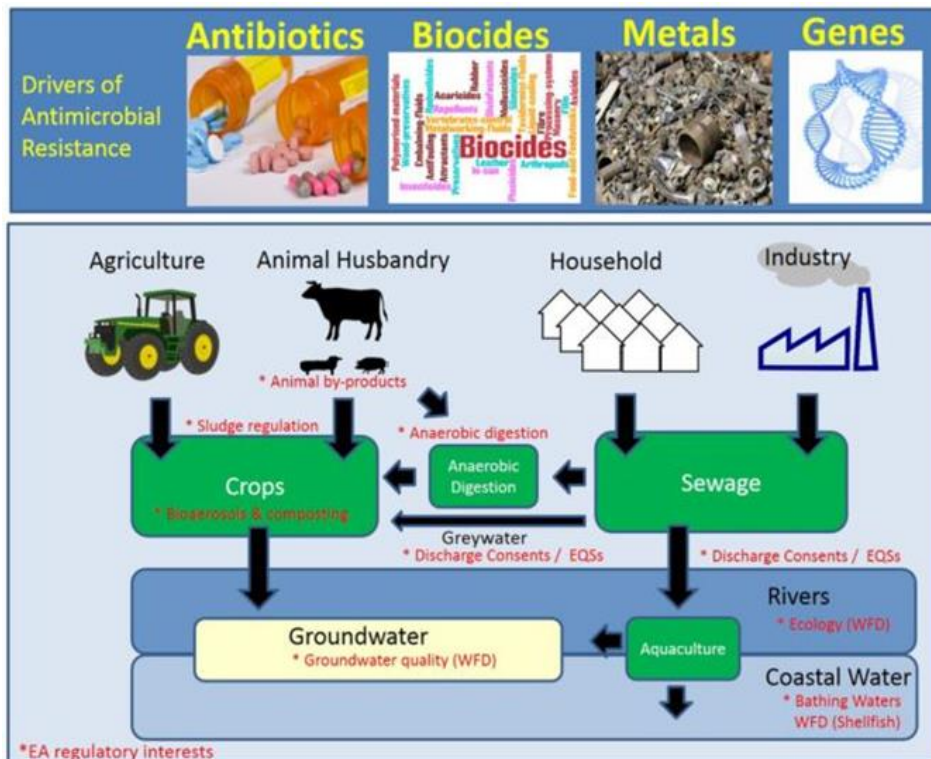


Fig. 10: Relationship between the drivers of AMR and the environment

The analysis carried out contained the following key messages:

- AMR is global in nature and crosses national boundaries; but although the costs of inaction affect all countries, the costs of action must be borne by individual nations, which may be unwilling or unable to invest.
- Moreover, the costs of action are immediate and more visible than the benefits, which are long-term and difficult to value economically.
- Nevertheless, several countries have demonstrated that successful action to reduce antibiotic use in humans and animals is achievable at an affordable cost.
- National efforts to tackle AMR, in order to be successful, must span across the entire 'One Health' spectrum: national surveillance data collection and sharing; committed funds for AMR research and AMR activities in general; as well as robust governance of national AMR policies.

**Joint Action ARTHIQS – Assisted reproductive technologies and haematopoietic stem cells improvements for quality and safety throughout Europe**

The project delivered the following key target outputs:

- The setup of a sustainable structure at the member state level, composed of Competent Authorities (CA) having a sufficient knowledge about assisted reproductive technologies (ART) issues raised both by European (European Union Tissues and Cells Directive, cross border Directive) and national regulation.
- Capacity building actions and tools to the CA for ensuring a well-organised authorisation scheme through inspections and training.
- Recommendations for the set-up of a haematopoietic stem cells (HSC) donor follow-up registry, as the basic framework for establishing registries enabling the upgrade/improvement of safety in HSC donation.

- The development of guidelines for cord blood banks comprising of common good practices in the field with the aim of increasing in quality and safety in the field.

### **Call for grants for implementing specific EU projects**

Several calls were launched in the first half of the year in accordance with the 2018 annual work programme in order to support EU added value projects related to:

- Scaling up of integrated care models and solutions resulting in the funding of 2 projects for approx. EUR 3.4 Million;
- Supporting Member States voluntary cooperation in the area of pharmaceutical products pricing through the Euripid Collaboration; and (b). Supporting Member States in implementing the ORPHANET coding nomenclature for rare disease (both selected projects were signed for approx. EUR 1 Million);
- The uptake and implementation of validated best practices: the specific best practices of the [Swedish Prescription of Physical Activity \(PPA\) initiative](#) and the [Italian cardiovascular screening programme "CARDIO 50"](#) were selected with the help of the [Steering Group on Health Promotion, Disease Prevention and Management of Non-Communicable Diseases](#) to be implemented in interested member states and other countries participating in the health programme. The two selected proposals are currently under grant agreement preparation phase.
- The [Whole Grain Partnership Initiative best practice \(DK\)](#)

In 2018, Chafea completed the procedure for supporting the operations of selected EU-wide NGOs (first year) and launched the call for the second year, with 11 out of the 16 awarded grants already signed in 2018.

Chafea also advanced significantly in the conclusion of the direct grant agreements with international organisations (three out of five direct grants signed in 2018, with two remaining for early 2019) and with pre-identified beneficiaries (ORPHANET and the 24<sup>th</sup> European Reference Network - ERN), also signed in 2018.

The following grant procedures were launched and are expected to be completed beginning of 2019 (year N+1):

- The joint action to strengthen preparedness in the EU against serious cross-border threats to health and support the implementation of the International Health Regulations. The agreement is expected to be signed in the 1<sup>st</sup> – 2<sup>nd</sup> quarter 2019.
- The third (and last) round of funding through a 3-year specific grant agreement to the ERNs is in the phase of the grant agreement preparation.

### **Legacy from the AWP 2017**

Procedures from the previous AWP have been finalised and grant agreement signed.

### **Procurements**

Procurement procedures covering subjects mentioned in the respective work programmes were implemented by the Agency for all tenders for which the parent DG provided the policy input for drafting the technical specifications of the requested service. Overall, the implementation of tenders was as follows:

- All calls for tender which still running in 2018 under the AWP 2017 were successfully completed, i.e. with signed contracts.

- All requests for service under the AWP 2018 were signed in year N and the three open calls under the AWP 2018 were launched in the 2<sup>nd</sup> semester and are currently under evaluation for 2 of them (the third was launched after the approval of the tender specifications in December 2018).

## **Dissemination**

In 2018 Chafea reorganised its work for dissemination and laid the foundations of a close and complementary way of working with DG SANTE line units and communication Unit.

In alignment with the dissemination strategy for the 3rd Health Programme (June 2017) and the annual dissemination plan, Chafea followed in its activities the key principle of developing synergies with activities organised by DG SANTE, International Organisations and EU Countries.

The focus of Chafea dissemination activities was on key communication priorities indicated by DG SANTE, namely refugees' and migrants' health, European Reference Networks for rare diseases, fight against Anti - Microbial Resistance, Health Technology Assessment, Crisis preparedness in Health and chronic diseases.

To do so, 20 dissemination activities were carried out, attended by more than 3000 participants, such as two conferences, 11 workshops and exhibition stands at high level conferences during the EU Council Presidencies.

Other dissemination actions were:

- The re-launch of the Chafea website with a more user-friendly approach.
- The publication of over 100 news items (including scientific articles), up from 58 in 2017 and 25 in 2016, on the web and/or on social media to widely inform stakeholders about Health Programme' activities and results.
- Chafea's participation in the Europe Day in Luxembourg on 9 May, which was organised in close cooperation with SANTE C1 Unit "Health programme and chronic diseases".

## **Payment planning**

Chafea introduced a strict mechanism for monitoring payments, leading to the execution of all planned payments and consumption of the related appropriations transferred to Chafea. Chafea also advanced significantly in completing the vast majority of the remaining "legacy payments" from the 2<sup>nd</sup> Health Programme, with only two remaining.

## **Shortcomings, delays and other issues**

The implementation of the 2018 health programme was overall satisfactory; however some actions had to be postponed to 2019 due to external factors (e.g. conclusion of policy debate in parent DGs).

Time to inform indicator for Health programme was affected by delays linked to the selection of 17 NGOs organisations for FPA operating grants. This was due to the administrative complaints raised by applicants concerning the award of FPA 2018-2021. Indeed the call closed in June 2017 and the amended award decision FPA was June 2018 exceeding the limit (see KPI section for details).

## 1.2 BETTER TRAINING FOR SAFER FOOD

**Better Training for Safer Food (BTSF)** is a training initiative targeting EU public officials working in the field of food and feed law, animal health and welfare, and plant health rules, and performing control tasks to ensure food safety for EU citizens and uniform application of EU legislation. BTSF also encourages countries outside EU to share the EU standards.



Training as a key

Most BTSF programs take place for control staff from EU Member States, candidate and potential candidate countries, European Free Trade Association and European Neighborhood Policy countries. Training programs in non-EU countries cover any sanitary and/or phytosanitary subject anywhere in the world. In 2018 launched two contracts dedicated only to non EU countries on prevention, monitoring and control of antimicrobial resistance (AMR) in the context of an overall 'One Health' approach involving both veterinary and human fields and on principles and methods of food safety risk analysis. To maximize the program's impact, participants must be in a position to subsequently train colleagues in their own administrations. Several trainings developed and implemented in Member States are implemented as well in some selected non EU countries.

Coverage:

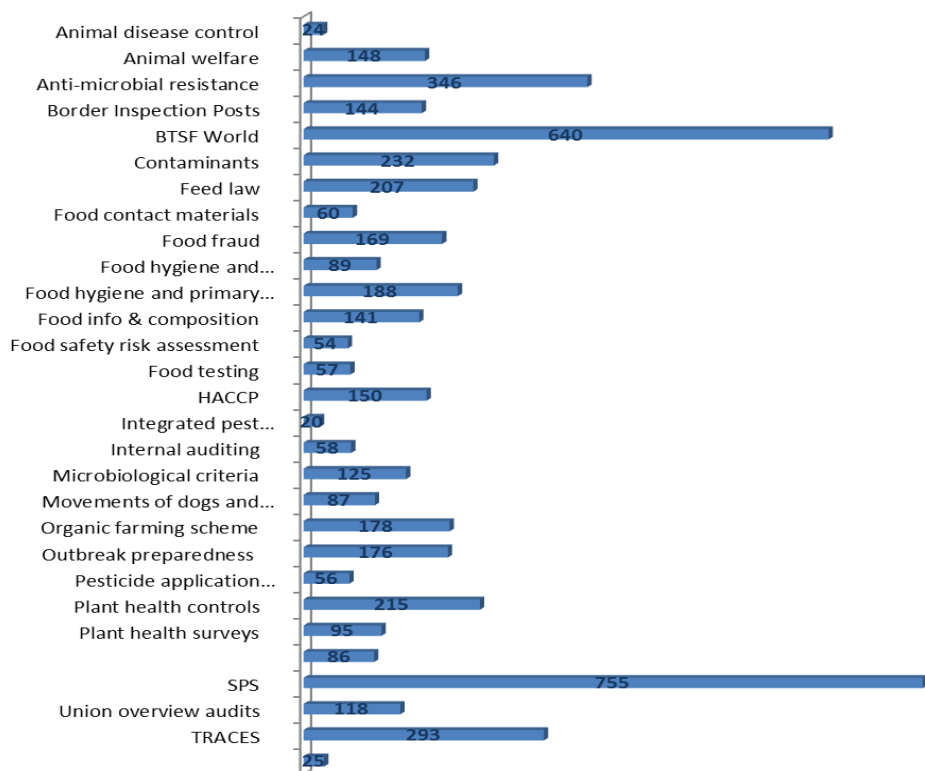
EU's overall target



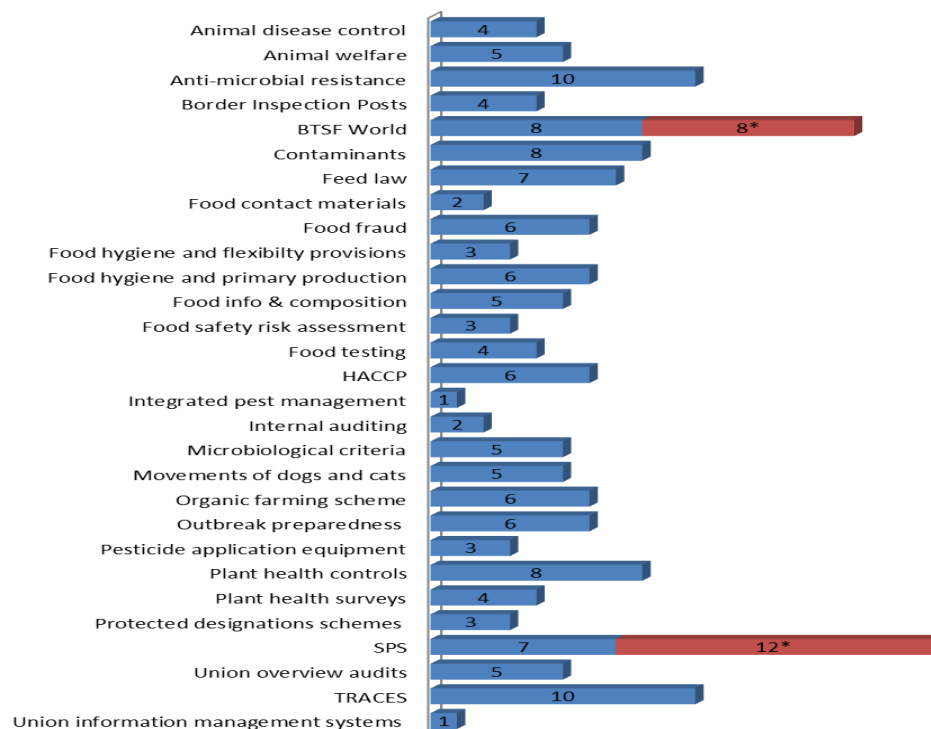
In 2018 BTSF supported 160 events and have trained 5 500 persons in classical so called face-to-face or stationary trainings provisions.

The Agency contracted 50 different trainings subjects related to the different types of the feed law, food production and controls of the food production, animal diseases, preparedness and emergencies or transport of animals and food.

### Participants per training programme in 2018 (Workshops & STMs)



### Numbers of trainings in 2018 (Workshops and STMs\*)



*BTSF program: leading role  
in spreading awareness of  
EU legislation and in  
ensuring harmonized  
controls*

The BTSF Program has a leading role in **spreading awareness of EU legislation** and in ensuring common understanding and harmonized controls.

BTSF's training to build trust in the EU's regulatory model, and create new market opportunities to and from the EU.

## **BTSF TRAININGS**

**ANTIMICROBIAL  
RESISTANCE**



BTSF is an excellent tool for assisting Member States in the battle against **antimicrobial resistance**. The activities aim to further harmonise the approaches and practices of the EU Member States in order to increase the efficacy of the competent authority in verifying compliance with the legal requirements in the field of distribution, use of antimicrobials, AMR monitoring, reporting and control. Bringing together participants from public health authorities and veterinary/ food safety policy enforcement authorities from Member States, Candidate Countries, EFTA and EEA countries, contributes to increase the compatibility of procedures and practices across the EU and allows knowledge exchange between them. The BTSF program ensures flexibility, rapid responses to training needs.

So far, more than 340 officials have been trained: the training sessions spread the knowledge of the implementation of a "One Health approach" on the use and resistance of the antimicrobials and provide the best practices on the design, implementation and surveillance systems of antimicrobials and their resistance. Moreover, the programme promotes the use of common indicators, monitoring and surveillance systems of antimicrobials and AMR in both human and veterinary/food sectors and ensures that the trainees have a solid understanding of ways to collaborate and coordinate among the different national authorities as well as EU agencies, involved in the monitoring and surveillance of the use of antimicrobials and their resistance.



**FOOD-BORNE  
OUTBREAK MANAGEMENT**

**Food-borne outbreak management**, investigation and reporting requires a multidisciplinary approach at local, national and, if multinational, European and international level, and between public and veterinary/food safety authorities. A number of initiatives have been introduced to identify a risk more rapidly, to enable a faster and reliable exchange of data and information, to find the source more quickly and to facilitate the traceability investigation. These initiatives and experiences at national level have helped to improve preparedness under the BTSF training activities in this field.

**Special Trainings**

In 2017, the Agency organized additional special trainings for EU Member State officials, with emphasizes on how to perform audit in different areas of plant health and plant production, to ensure that Member States are aware and prepared to take action. The training tackles pest risk assessment, and surveillance and outbreak management for agricultural and forest pests. Recent workshops on these topics, brought together representatives from Member States, the European Food Safety Authority and the European and Mediterranean Plant Protection Organization to discuss the outcomes of fact-finding missions, preventive measures based on the best available science and information on surveillance, control and eradication techniques.

**E -LEARNING**



The development of **e-learning** modules and the completion of the e-learning pilot projects progressed further and have resulted in the takeover process and finalisation of the first project for this concluding contract with the final production of the first 10 e-Learning training courses which were in addition as well produced in 5 languages. These e-Learning training courses have been further during the takeover process, situated in the Cloud servers provided through DG DIGIT FWC and released for the day-to-day use to potential Member-State governmental officials whose are tasked and are dealing with the food safety as their daily task. In addition to this, CHAFEA as well started with the integration of the BTSF e-Learning Campus in to the EU Commission IT environment and developing further specific modalities, known as BTSF Academy for integration of the system management tool designed for managing tasks in the regular face to face trainings. e-learning training courses currently available are Hazard Analysis and Critical Control Points (HACCP); EU plant quarantine regime for imports; Food hygiene and controls on fishery products and

Live bivalve mollusc LBMs; Animal welfare at slaughter and killing for disease control, Food contact materials, RASFF and HACCP; Prevention, control and eradication of TSE; and Animal welfare at slaughter and killing for disease control for poultry. They are available in English, French, German, Spanish and Portuguese languages.

### **BTSF in non-EU countries**

In 2018 two contracts dedicated to non-EU countries concerning prevention, monitoring and control of antimicrobial resistance (AMR) in the context of an overall 'One Health' approach involving both veterinary and human fields and on principles and methods of food safety risk analysis have been launched.

More specific on AMR topic, EU legislation strongly focuses on a farm to fork approach, with measures taken at all stages of the production chain to protect public health from zoonotic agents and food-borne pathogens and related AMR. The international development of trainings cooperation activities on AMR focuses on the increasing of awareness about the AMR threat and ways to best address it, to promote international recommendations and contribute to the adoption and implementation of measures to tackle AMR nationally and regionally. The 'One Health' approach for addressing AMR in both humans and animals, as well as for discussing and sharing EU methods and experience and feeding them as support to countries currently developing their national AMR action plans in a mutually and reciprocally beneficial way.

About the principles of risk analysis as a basis for all policies entails three interconnected components: risk assessment, risk management and risk communication, which provide a systematic methodology for the determination of effective, proportionate and targeted measures or other actions to protect health. The objective of the trainings on risk analysis is to develop cooperation activities at international level with a view to ensure the establishment of scientifically sound food safety control systems which can bring equivalent levels of public health protection to those prevailing in the EU, thereby further building confidence in the systems in place, enhancing protection of consumers' health and facilitating market access on both sides. Furthermore, it helps aiming to internationally promote the EU approach to risk analysis by discussing the principles, concepts and methods of risk analysis and sharing EU rules, practises and experience.

The Agency has organized BTSF trainings and Sustained Training Missions to selected non EU countries in particular developing countries in order to harmonise the control procedure in these countries and improve the trade potentials.

## 1.3 PROMOTION OF AGRICULTURAL PRODUCTS

### Specific objective: To better reflect consumer expectations

2018 was the third year of implementation of the reformed policy for promotion of agricultural products. The general objective of the policy is to enhance the competitiveness of the Union agricultural sector. Based on a strategy established at European level, it aims to help the sector's professionals break into international markets and make consumers more aware of the efforts made by European farmers to provide quality products.

Information provision and promotion measures can take the form of information and promotion programmes, and the measures on the initiative of the Commission.

#### Information and promotion programmes

Information and promotion programmes consist of operations implemented by proposing organisations. They can take form of "simple" programmes where all beneficiaries come from the same member state, or "multi" programmes where beneficiaries come from different member states or are EU level organisations. The whole lifecycle of "multi" programmes is managed by Chafea while simple programmes are submitted to and evaluated by Chafea, and managed by the competent national authorities under shared management.



Two calls for proposals were published in January 2018 – one for "simple" and one for "multi" proposals. In relation to the calls, Chafea focused in particular on facilitating the understanding of the rules by proposing organisations by providing guidance documents and organising a helpdesk. Both were highly appreciated by the applicants. A survey conducted immediately after the submission deadline showed that the quality of guidance documents, the online submission tool as well as the support offered by the helpdesk was assessed as very good or excellent by a large majority of respondents.

In relation to the calls, Chafea organised an info day in Brussels on 31 January 2018 with good participation across product sectors and Member States. 230 participants were present on site. 64 bilateral meetings between potential applicants took place during the match-making meetings organised during the info day. The Agency also participated in 9 info days organised by the national authorities managing simple programmes in Member States. Moreover, a seminar presenting the funding opportunities was organised at SIAL trade fair in Paris in October 2018, along with a matchmaking session for potential applicants.

At the end of the submission period, applicants submitted 146 "simple" and 36 "multi" proposals. The simple call was oversubscribed by 127 % and the multi call by 39 %.

58 simple programmes with participants from 14 Member States with total EU co-financing of EUR 97,143,160 have been proposed to be selected, and 21 multi proposals with total EU co-financing of EUR 75,537,451 were proposed for award. Participants from 18 Member States will implement the multi programmes, the highest number ever.

78% of the budget of the simple call is dedicated to programmes targeting 32 different third countries and a large number of product sectors will be promoted.

As a result of the call for "multi" programmes Chafea signed 20 "multi" grant agreements by December 2018. Since there were not enough good quality proposals to establish a reserve list and since one project recommended for funding will not be implemented, 2.3 M€ could not be awarded and were allocated to procurement projects. The 20 promotional campaigns target both the internal market and third countries and support the following product sectors: fresh and processed fruit and vegetables, dairy products and cheese, wine, olive oil, bovine and pork meat.

### Highlights:

- *230 participants attended the info day in Brussels*
- *64 bilateral meetings between potential applicants took place during the matchmaking event*
- *78% of the budget of the simple call is dedicated to programmes targeting 32 different third countries*
- *Participants from 18 Member States will implement the multi programmes, the highest number ever.*



*Target countries of all running programmes*

### **Measures on the initiative of the Commission**

Measures on the initiative of the Commission take the form of high-level missions, participation in trade fairs by means of stands, or operations aimed at enhancing the image of Union products. Moreover, the promotion policy foresees the establishment of technical support services, in particular with a view to encouraging awareness of different markets, maintaining a dynamic professional network around information and promotion policy and improving knowledge of Union rules concerning programme development and implementation.

The building of technical support services, which started in 2016 continued in 2018 and contributed to efforts to facilitate the participation of stakeholders in the information and promotion policy. One webinar was delivered during the year targeting mainly potential applicants and grant beneficiaries to facilitate preparation of grant applications and the implementation of on-going projects.

The **portal for technical support services** was further promoted via direct mailing in the first quarter of the year. Statistics showed on average around 3200 unique visitors each month and 1200 registered users at the end of the year. The majority of the registered users signed up to receive the newsletter.

Also as part of technical support services, market entry handbooks for China and United Arab Emirates were produced and published on Chafea portal with the aim of helping potential grant beneficiaries and in general European SMEs by providing up to date market research and clear guidance on how to approach third countries' markets. Nine market reports currently available on the portal are downloaded approximately 100 times each month.

Several events were organised in third countries during 2018: 65 business delegates from 23 Member States participated in the high level mission to China in May 2018. EU pavilions were organised at SIAL China trade fair in May 2018 where the EU was presented as "Region of Honour", and at the CIIE trade fair in Shanghai in November 2018.



*EU pavilion at SIAL China*

With the aim of improving market access for EU agri-food producers and exporters, promotional seminars were organised in South Korea in March 2018 and in Iran in November 2018. These seminars focused on promoting EU agri-food products and increasing information on their SPS (Sanitary and Phyto-Sanitary) and quality aspects. Some 280 highly qualified participants (professionals from the food sector, national authorities) attended the events.



*SPS seminar in Iran*

Preparations for the launch of communication campaigns in Canada, Middle East, Japan and China started during 2018 with first campaign activities taking place in the first quarter of 2019.

In the last quarter of the year, preparations for three trade fairs started (in Mexico, United Arab Emirates and Japan), as well as preparation of the high level mission to UAE, and work on developing five new market entry handbooks (Japan, Mexico, South Korea, India

and Egypt).

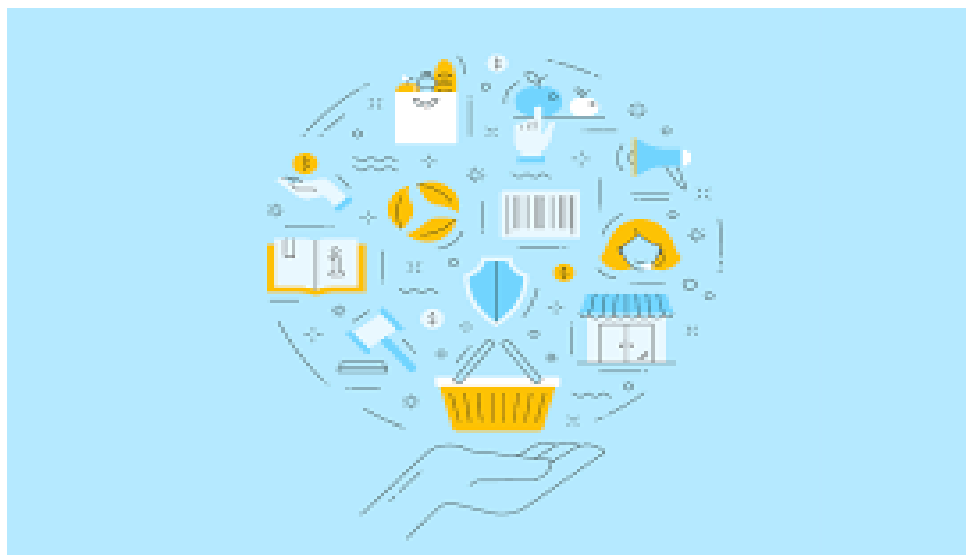
Alongside the implementation of the promotional projects listed above, the Agency started to work on better assessing the impact of projects over medium term. Eurobarometer-type surveys were initiated to establish a baseline in five countries where communication campaigns are being launched - Canada, United Arab Emirates, Kingdom of Saudi Arabia, Japan and China. These surveys will measure awareness of consumers on the qualities of EU agri-food products and provide valuable insights on the contribution of the promotion activities (both grants and procurement) in the target countries to the overall policy objectives.

#### **Highlights:**

- ***Agri promotion portal currently has around 3200 unique visitors per month and 1200 registered users.***
- ***Market reports are downloaded approximately 100 times each month***
- ***With a satisfaction rate from 70% to 92 %, depending on the activity, over 10.000 professionals outside the EU have been made aware and increased their knowledge of the characteristics of EU agri-food products and the relevant production standards.***

## 1.4 CONSUMER PROGRAMME

The 2014-2020 Consumer Programme supports the Europe-2020 targets of growth and competitiveness. It integrates the specific Europe-2020 priorities onto the digital agenda for Europe in order to ensure that digitalisation actually leads to increased consumer welfare, sustainable growth, social inclusion and smart regulation.



The specific objectives are:

- Safety: to consolidate and enhance product safety;
- Consumer information and education and support to consumer organisations;
- Rights and redress: to develop and reinforce consumer rights;
- Enforcement: to support enforcement of consumer rights;

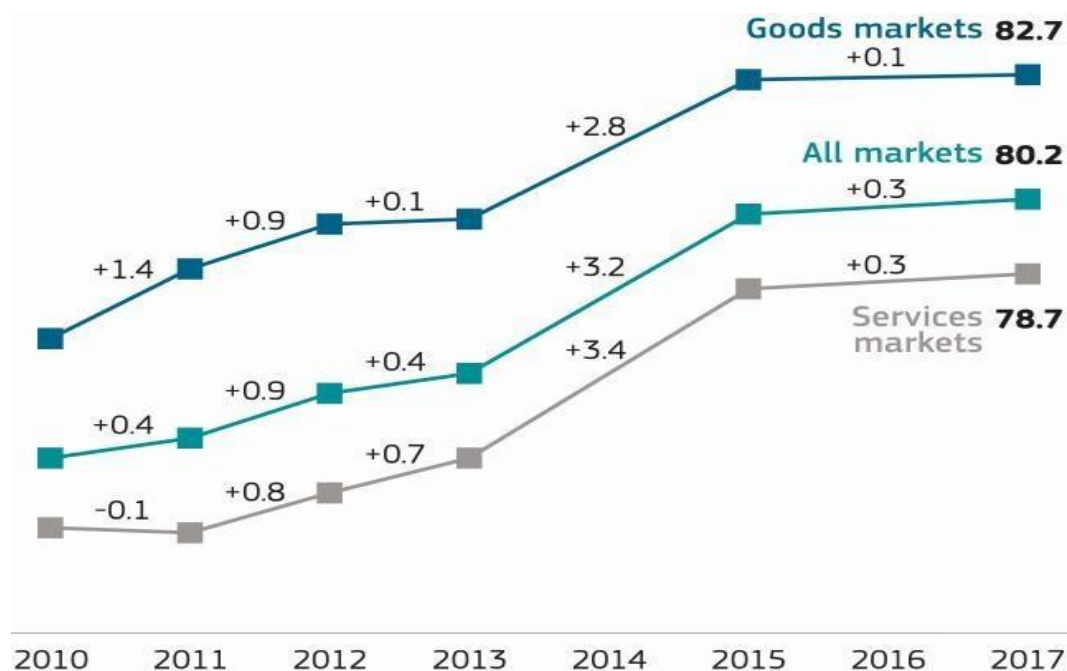
CHAFEA contributed to the achievement of the objectives of the Commission through the implementation of the following actions.

**Specific objective: Building and improving access to the evidence base for policy-making in areas affecting consumers**

The Agency manages contracted surveys on consumer related issues. The purpose is to provide the underlying data and the related analysis to feed into the editions of the Consumer Conditions Scoreboard. In order to do this, the following surveys were launched:

- Consumers' and retailers' attitudes towards cross-border trade and consumer protection;
- Performance of the most important consumer markets from the point of view of consumers.

The **Consumer Markets Scoreboard** tracks the performance of over 40 consumer markets based on key indicators such as trusting that sellers comply with consumer protection rules, comparability of offers, the choice of retailers/suppliers, the extent to which markets live up to consumer expectations, and the degree to which problems encountered in the market cause detriment. Other indicators, such as switching costs and prices, are also monitored and analysed.



- Compared to 2016, there has been little improvement, although the trend has remained positive since 2010. Mortgages, water supply, gas and electricity services have improved most over the past two years, but they remain among the least trusted markets, with the exception of gas services.

- Markets in Western Europe continue to perform better for consumers, while on average the biggest improvements this year in performance are reported in Eastern Europe again. This suggests that the East-West gap in how markets work for consumers is slowly closing. The Commission's and the Member States' on-going activities on the issue of the dual food quality should be able to further improve the situation in this respect.

- Internet provision and mobile telephone services are still the most problematic for consumers, with 20.3% and 17.5% having faced problems in these sectors respectively in the past year. Other areas mentioned by at least 10% of consumers include: TV subscription, fixed telephony, sales of ICT and electronic goods, train and urban transports, second hand cars, real estate, postal services, new cars, car rental and car repair services.

- Financial services are the sector where consumers suffer the highest detriment (financial loss or waste of time) in case of problems. At least 35% of consumers having faced problems in home insurance, mortgages, loans and credit, electricity and water supply report severe detriment as a result. Other areas where consumers facing problems report high levels of detriment are airlines, investment products, and car insurance.

- Real estate and second hand cars are the least trusted sectors by consumers. Only 38% of consumers trust that real estate service providers comply with consumer protection rules and 36% of consumers do so for the second hand car sector.

In order to strengthen evidence-base for further action including the legislative one, the results of several studies managed by CHAFEA, were published throughout 2018:

- The *consumer market study on personalised pricing/offers in the EU* looks at: the nature and prevalence of the online personalised practices used by sellers/providers; whether businesses are transparent about online personalisation; consumers' awareness and perception of online personalised practices and problems experienced; and the economic value/effects of personalised pricing/ranking of offers.

- The *study on the functioning of real estate service for consumer* showed that the sector is complex, with a large number of different parties involved and information asymmetries exist between providers of real estate services and consumers. The study:

- explores the existing regulatory framework for real estate services, the regulatory costs incurred by different actors in the market, and the extent to which the framework provides sufficient protection for consumers who are letting, buying, or selling a property in their own country or cross-border;
- documents the relevant practices in the real estate service market, and investigate the nature and prevalence of consumer problems;
- provides a better understanding of the way consumers perceive information on real estate services, and its impact on consumers' purchasing decisions; and
- draws conclusions on e.g. the need for enforcement and awareness raising activities.



*The exploratory study on advertising and marketing practices in Online Social Media (OSM)* identified three types of marketing practices that can be potentially problematic for consumers and are specific to OSM contexts: disguised advertising, distortion of social proof indicators and custom audience targeting. The results of the study support an update to the blacklist of the Unfair Commercial Practices Directive (UCPD), as well as some clarifications in the UCPD Guidance, expanding its applicability to the specific practices described. Strengthening the OSM's control mechanisms could also be an effective remedy. Enforcement actions could be considered against social influencers and OSM providers, as well as systematic abusers of social proof mechanisms. Regarding data-related practices, the impact of the General Data Protection Regulation, applicable since May 2018, must first be studied to determine the complementary role that consumer law may play.



*The Behavioural Study on Consumers' Engagement in the Circular Economy* showed that consumers were generally willing to engage in CE practices. But actual engagement was rather low. While a majority of consumers repair products (64%), a substantial share have not repaired products in the past (36%), and/or have no experience renting/leasing or buying second hand products (~90%). A reason for this low engagement in CE practices could be that consumers lack information regarding product durability and reparability as well as the lack of sufficiently developed markets (e.g. for second hand products, renting, leasing or sharing services etc.). In the behavioural experiment the provision of such information was found to be highly effective at shifting purchasing decisions towards products with greater durability and reparability. The survey and experiment also found that repair decisions are easily disrupted if arranging repair requires effort. These findings indicate that there is a large potential to close the gap between consumers' willingness to engage and their actual engagement.

### **Specific objective: Consolidating and improved consumer rights in the internal market**

With a view to understanding how online platforms could be regulated to foster trust, transparency and fairness, the Behavioral study on the Transparency of Online Platforms investigated the effect of enhanced transparency on consumer trust and behavior in three areas: the criteria for ranking and presentational features of search results, the identity of contractual parties and quality controls on consumer reviews, ratings, and endorsement systems. The study found that greater online transparency has key effects on consumers because it is important in decision making, it increases trust and confidence in the online environment, and, all things being equal, increases the probability of product selection.

Transparency is clearly in the interest of consumers and, at the same time, it is in the interest of platforms who could expect to see a growth in online activity as a result of increased consumer confidence and trust. Additionally, of the consumers surveyed: 70% said that the information about criteria for presenting search results was important in their decision and made them more confident and trusting; 67.9% and 69.9% respectively agreed that the information about contractual identity and its implications was important in their decision and made them more confident and trusting; 83.9% and 85.9% respectively reported that the information about who is included in user reviews was important in their

decision and made them more confident and trusting.

The findings of the study informed the Commission's "New Deal for Consumers" initiative and will provide evidence for further work on online platforms, including legislative initiatives, non-legislative policy initiatives (e.g. enforcement, awareness-raising) and/or self-regulatory efforts by industry.

### Specific objective: Consolidating and enhancing product safety

To achieve an equal level of consumer protection across the EU and take action against dangerous products on the market place, the Agency provides financial support to allow market surveillance authorities and customs to pool resources and expertise.

On 25th June 2018, several online marketplaces have voluntarily committed to improving the safety of non-food consumer products sold on their online marketplaces by third party sellers with the signature of a **Product Safety Pledge**. The initiative sets out specific voluntary actions that go beyond what is already established in the EU legislation. The ultimate goal is to improve the detection of unsafe products marketed in the EU before they are sold to consumers or as soon thereafter as possible, and to improve consumer protection.<sup>12</sup>

As an example of achievement, the final technical report on Chemical Risks in Plasticised Toys, as part of the Joint Market Surveillance action on GPSD Products-JA 2015, was published in March 2018.

A number of toys were sent for testing to check whether such toys were in compliance with the respective legislation. The activity was undertaken by seventeen market surveillance authorities. All types of economic operators were inspected including manufacturers, importers and all kinds of distributors. Special attention was given to low-cost toys and to toys which lacked proper markings and warnings since from previous experience these have been found to present the highest levels of risk.

In total, 255 toy samples were sent for testing. The testing criteria for each of the chemicals focused upon was finalised with support from the laboratory chosen for testing these samples. Various standards or analytical methods were utilised for this purpose.



<sup>12</sup> <https://ec.europa.eu/info/business-economy-euro/product-safety-and-requirements/consumer-product-safety/product-safety-rules>

The positive results from testing show that there were no detected non-compliances related to migration of lead, cadmium or organic tin in these plasticised toys. This is worth noting especially since lead was a major concern for market surveillance authorities some years ago. Additionally, there were no non-compliances related to the chemical, polycyclic aromatic hydrocarbon (PAH).

On the other hand, the level of non-compliance with regards to phthalates, SCCP and BPA, still needs to be better controlled so as to ensure that economic operators only place safe toys on the Single Market. With regards to phthalates, DEHP and DINP were the two predominant phthalates which were found in concentrations higher than the respective limits stipulated in legislation.

## **Specific objective: Providing consumers with information and education and supporting consumer organisations**

### **Support through capacity building for consumer organisations**

To support the functioning of Europe wide consumer organisations which do the advocacy work as well as carry out the concrete education and information activities of the consumer organisations to strengthen the national consumer movements both at EU and national levels, the Agency launched the call for proposals for the operating grants for the three years Framework Partnership Agreement (FPA) 2019-2021. The operating grant was awarded to co-fund the activities of the Bureau Européen des Unions de Consommateurs, BEUC<sup>13</sup>. Within the FPA 2019-2021, BEUC was invited to submit the proposal for the 2019 Specific Grant Agreement which was awarded and signed in December 2018 with the EC contribution of 2.000.000 EUR.

In order to strengthen the Consumer Organisations throughout Europe, the Agency launched a call for tenders for the capacity building activities of the Consumer Organisations in the EU, Iceland and Norway. The call is aimed at developing an effective approach to capacity building of consumer organisations, including a solid needs analysis useful both as evidence for the Commission policy-making and as advice to consumer associations how to best develop their internal training and capacity building approach. The activity is the continuation of the Consumer Champion project, which over the last years promoted collaboration and sharing of information included capacity building programmes for Consumer professionals through training courses and networking opportunities. 27 grant agreements were signed in December 2018. The three other grant agreements shall be concluded early 2019.

### **Enhancing consumer education:**

With the aim to promote consumer education among secondary schools, the Consumer Classroom initiative helps teachers to educate young people so that they consume in a conscious way and understand their role as actors in the economic system. In 2018 the portal, which provides easy access to a number of resources in all EU languages, was revamped and updated with new materials.

The idea behind the project is running on its efficiency and effectiveness since the portal provides a single point of access to several resources throughout all areas of education.

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<sup>13</sup> BEUC website <http://www.beuc.eu/>

Teacher from all MSs, but not only, can access, contribute and use the materials already adapted for their students.

Within the evaluation of the Consumers Programme, the results and benefits can be seen.

In 2018, within this project, European teachers were invited to involve their students to creatively share their ideas on a range of topics through organisation of the Interschool competition which this year addressed smart financial management. The project addressed best practices for planning the budget and suggesting the best options in terms of price and sustainability when booking a school trip, focusing on the different aspects that this activity may involve.

### Some key facts and figures Summary of the Consumer Classroom Results

	Unique users	Registered users	Ready-to-use teaching resources	Teaching resources	Partnerships built across Europe	Website sessions
Jan 2018	189.158 out of which 163.350 from Europe	5068 out of which 2348 teachers	18 ready-to-use teaching resources collected from across the EU and evaluated by our network of national focal	Lessons created by users 230 resources submitted by users 29	162 Partnerships built across Europe with consumer organisations, school associations and other interested NGOs	245.838 out of which 217.346 from Europe
Dec 2018	1.497.66 1 out of which 1.248.76 3 from Europe	54,817 out of which 26,856 teachers	1.217 ready-to-use teaching resources collected from across the EU and evaluated by our network of national focal points	Lessons created by users 3389, resources submitted by users 287	1312 Partnerships built across Europe with consumer organisations, school associations and other interested NGOs	1.957.14 9 out of which 1.681.20 3 from Europe



**Specific objective: Supporting the enforcement of consumer rights by strengthening cooperation between national enforcement bodies and supporting consumers with advice**

ECC Net continued addressing EU consumers' questions providing assistance and support on both national and cross-border issues.

Under this action 118.499 contacts (requests for information and calls for assistance) and 59.017 complaints were dealt with of which the majority related to e-commerce. 1.428 disputes were referred to the alternative dispute resolution (ADR) mechanism and there were 5.255.892 unique visitors to the website, 22.774.414 page views.

Under the 2018 Consumer programme, the invitation to submit proposals for the 2019 ECC-Net Specific Grant Agreements (SGAs) within the context of the ECC-Net FPA 2018-2021 were sent out and 30 proposals were received from all countries participating in the Network (28 EU + Norway and Iceland). All grant agreements were signed in December 2018 except three planned to be signed in early 2019.

In 2018, the second year of implementation of the service contract focused on training activities in internet investigations for the Consumer Protection Cooperation (CPC) and Consumer Product Safety (CSN) networks, so called "E-enforcement academy", provided support to both networks in conducting on-line investigations. The officials are regularly updated on topical issues in their respective fields through blog spots, newsletters and dedicated wiki pages. Five e-learning modules have been developed within the year completed by three training sessions organised in Brussels. In addition, the officials had an opportunity to follow online knowledge webinars (6), coaching sessions (10) and online tutorials (5).

The Agency continued funding the exchanges of enforcement officials from the national authorities responsible for product safety (GPSD) and CPC. Thanks to this programme, the participants could benefit from knowledge sharing and exchanging of best practices in both fields in order to enhance the implementation of Regulation 2006/2004 on Consumer Protection Cooperation and of Directive 2001/95 EC on General Product Safety. In 2018, the Agency received in total 71 applications.

**Legacy from the AWP 2017 and carry over to 2019**

In parallel with the implementation of Consumer AWP 2018, Chafea carried out the legacy activities from AWP 2017. Namely, one request services for the provision of a "Behavioural study on advertising and marketing practices in travel booking websites and apps" which was launched and the contract signed in 2018. Another request for services for the provision of a "Behavioural Study on the digitalisation of the marketing and distance selling of retail financial services" launched in 2017 was finalised in 2018. Likewise, the call for proposals for joint actions to improve cooperation between national authorities responsible for the enforcement of consumer protection laws (CPC) launched in 2017 resulted in conclusion of 6 grant agreements in summer 2018.

As to the 2018 actions carried over to 2019, Chafea launched in 2018 one open call for tender for organisation of capacity building activities for consumer organisations and one request for specific services in the field of product safety (CASP 2019). Both procedures will be finalised early 2019. The request for services on Market Monitoring Survey 2019 and another procurement procedure regarding the consumer education and awareness programme were entirely postponed to 2019.

## 2. ORGANISATIONAL MANAGEMENT AND INTERNAL CONTROL

This section answers to the question *how* the achievements described in the previous section were delivered by the Agency. This section is divided in two subsections:

- The first subsection reports the control results and all other relevant information that support management's assurance on the achievement of the financial management and internal control objectives. It includes any additional information necessary to establish that the available evidence is reliable, complete and comprehensive; appropriately covering all activities, programmes and management modes relevant for the Agency.
- The second subsection deals with the other components of organisational management: human resources, better regulation principles, information management and external communication.

### 2.1 Financial management and internal control

Assurance is an objective examination of evidence for the purpose of providing an assessment of the effectiveness of risk management, control and governance processes.

This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. Its results are explicitly documented and reported to the Director. The reports produced are:

- the periodic (quarterly) reports to the Steering Committee on the progress in the implementation of the Agency annual work programme and the delegated operational programmes and a semi-annual report to the Steering Committee on the state of the internal control;
- the managerial supervision scoreboards related to all aspects of the Agency's functioning;
- AOSD reports submitted by the Heads of Units to the Authorising officer;
- the results of internal control monitoring at the Agency level;
- the reports on recorded exceptions, non-compliance events and any cases of "confirmation of instructions" (Art 92.3 FR);
- the reports of the advisory committee on public procurement (ACPC) and on ex-ante financial verification;
- the reports of the ex-post audit;
- the limited Assurance conclusion on the state of control, and the other observations and recommendations reported by the Internal Audit Service (IAS);
- the observations and the recommendations reported by the European Court of Auditors (ECA)

These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a complete coverage of the budget delegated to the Director of Chafea.

## CONTROL STRATEGY

In the context of the internal control over budget implementation, Chafea designs and implements processes and procedures that provide reasonable assurance on the implementation of the above objectives.

The Agency's control strategy ensures that all financial transactions are ex-ante verified in regard to both their procedural, legal and financial aspects before the signature of the related authorisation to execute the transaction.

The Agency performs ex-post controls on grants, in a form of ex-post audits of payment transactions. The ex-post audits take place after the implementation of actions co-financed under grant agreements, i.e. after final payments are made.

Based on the assessment of the potential risk of errors, in 2018, also a number of interim payments was included into the audit plan (ex-ante on the spot checks).

Ex-post and ex-ante audits on the spot are performed by an external service provider under an inter-institutional framework contract.

In 2018, Chafea continued to consolidate and update various components of the multiannual control strategy over transactions. Attention was paid to optimisation and streamlining of controls, simplification of workflows, while ensuring a proper coverage of activities, indicators, as well as monitoring and assessment.

This section reports the control results and other relevant elements that support management's assurance. It is structured into (a) Control results, (b) Audit observations and recommendations, (c) Effectiveness of the internal control system, and resulting in (d) Conclusions as regards assurance.

### **2.1.1 Control results**

This section reports and assesses the elements identified by management that support the assurance on the achievement of the internal control objectives<sup>14</sup>. The Agency's assurance building and materiality criteria are outlined in the AAR Annex 4. Annex 5 outlines the main risks together with the control processes aimed to mitigate them and the indicators used to measure the performance of the control systems.

#### **Budget coverage**

## OPERATIONAL BUDGET

Chafea's core mandate covers the execution of EU operational budget in implementation of the EU programmes delegated to it by the European Commission. In doing so, Chafea is subject to legislative acts that seek to ensure attainment of EU policy objectives as well as a legal and regular management of financial resources that are allocated for this purpose. Being an executive agency Chafea implements financial appropriation through the direct management mode provided (Art 62 FR). The Director of the Agency is the Authorising Officer by Delegation with regards to the implementation of the operational budget. While implementing the Promotion of agricultural products policy, Chafea is responsible also for the preparatory stage (call initiation and publication, evaluation of proposals) of grants managed by Member-States in shared mode.

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<sup>14</sup> Effectiveness, efficiency and economy of operations; reliability of reporting; safeguarding of assets and information; prevention, detection, correction and follow-up of fraud and irregularities; and adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36).

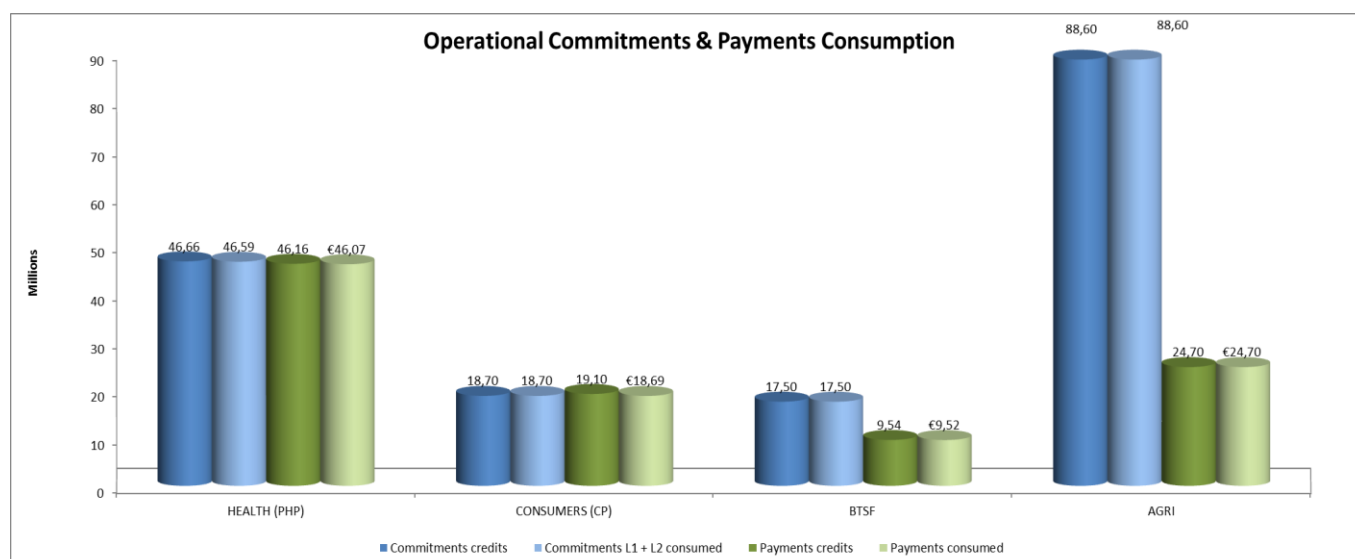
In 2018, Chafea implemented an operational portfolio of both payment and commitment appropriations.

Chafea shows an implementation rate of the 2018 operational budget of almost 100% for all the programmes. However, the actual level of implementation (individual commitments related to grants and procurement contracts) is relatively low for the Health Programme (~35 % of the budget delegated to the agency) and BTSF (~18%) while the result is more favourable for the Consumer Programme, Agri promotion and the Consumer Programme where the level of implementation reached respectively ~97 % and ~53 %. The low level of individualisation of commitments observed is due to several factors, in particular the delays in the adoption of the annual programme (BTSF), the delayed scheduling of certain actions and unforeseen changes (e.g. additional health calls), the non-availability of the information from the parent DGs necessary to prepare the document relating to calls.

Initiatives have been taken with the parent DGs in order to improve the planning.

	Health Programme	Consumers	BTSF	Agri Promotion	Total
Commitments Credits	€46.660.733,71	€18.701.025,20	€17.500.000,00	€88.600.000,00	<b>€171.461.758,91</b>
Commitments consumed (L1+L2)/%	€46.588.310,00	€18.701.025,20	€17.500.000,00	€88.600.000,00	<b>€171.389.335,20</b>
Commitments consumed L2	€16.231.982,47	€10.067.151,41	€3.130.433,44	€85.758.493,17	<b>€115.188.060,49</b>
Payment credits	€46.160.717,34	€19.102.685,97	€9.541.289,78	€24.696.000,00 <sup>15</sup>	<b>€99.500.693,09</b>
Payment consumed	€46.073.227,77	€18.691.721,34	€9.523.289,65	€24.696.000,00	<b>€98.984.238,76</b>

Operational commitments and Payments consumption in millions of euros per programme in 2018



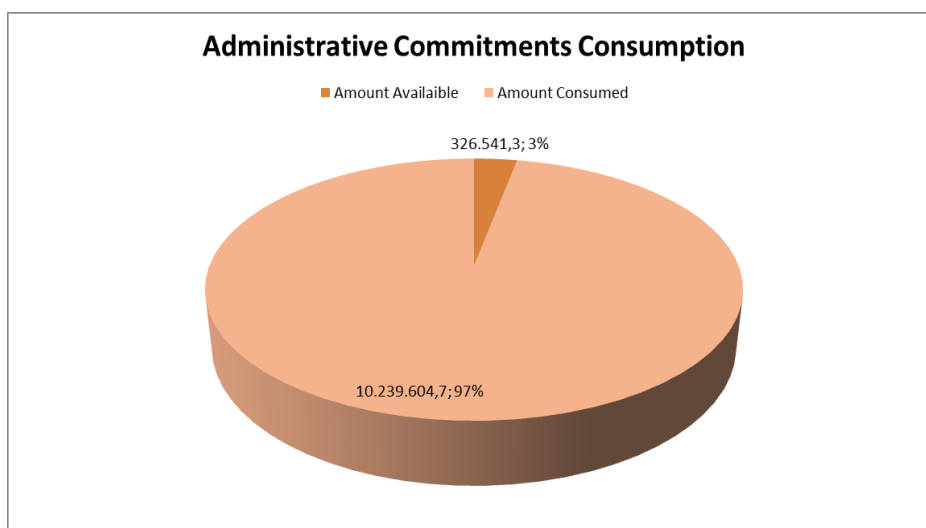
<sup>15</sup> AGRI credits for 2018 payments was 27 396 000, reduced to 24 696 000 with the "global transfer" procedure.

## OPERATING (ADMINISTRATIVE) BUDGET

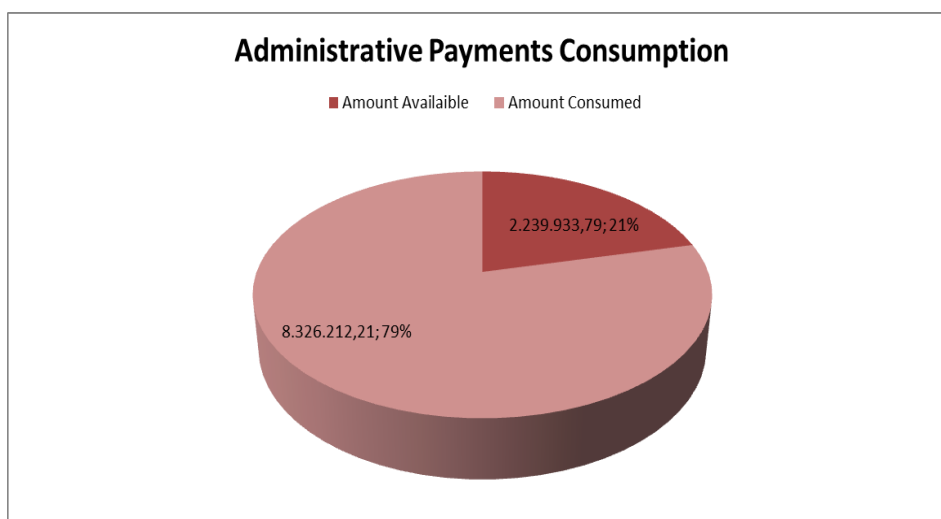
As an autonomous EU body, the Agency has its own operating budget in a form of an annual subsidy from the EU budget (Commission DGs SANTE, AGRI and JUST) and EFTA. In 2018, it amounted to EUR 10.56 million. The budget covers the running costs of the Agency including staff expenditure; office related costs, IT services, as well as a number of programme support activities such as payments to external experts assisting the evaluation of the proposals and of certain deliverables under Health programme, and organisation of communication and dissemination activities. The Director of the Agency is the Authorising Officer with regards to the implementation of the Agency's operating budget. The European Court of Auditors conducts annual audit on the use of the operating budget (Observations on ECA audit on 2017 accounts are described in section 2.1.2).

<b>Credits (million EUR)</b>	<b>Implemented (million EUR)</b>
10 566 146,00	10 239 604,73

### *Administrative budget consumption through commitments in 2018*



### *Administrative budget consumption through payments in 2018*



## OPERATIONAL BUDGET IMPLEMENTATION ACTIVITIES

In 2018, the Agency prepared, launched and evaluated 25 calls for proposals aimed at the implementation of the Health programme (HP) the Consumer Programme (CP) and the Promotion of agricultural products (AGRI). In detail: 6 (2 AGRI + 3 HP + 1 CP) open calls for grant proposals; 1 call for the conclusion of Framework partnership agreement (1 CP); 4 (2 HP + 2 CP) invitation calls for submission of proposals targeted at beneficiaries who were parties to Framework partnership agreements. 3 (1 HP and 2 CP) invitations were launched to conclude Grant Agreement, with competent authorities of Member States (Joint Actions), 5 (HP) invitations for direct grant agreements with International Organisations, 2 (HP) for monopoly situations, 2 invitations to submit applications for special indemnities (CP, exchange of officials) and 2 direct grants for EU Presidency conference under the Health programme.

During the same time, the Agency conducted 62 public procurement procedures (1 AGRI, 20 HP, 22 BTSF<sup>16</sup>, and 19 CP) for the provision of services to Health, Consumers programmes, BTSF and Promotion of Agricultural products. Procured were mainly studies related to the policy making of the Agency's parent DGs, the organisation of events outside the EU and the provision of training activities for the official control staff of EU national competent authorities and non-EU countries dealing with audits and inspections across the food chain<sup>17</sup>.

### **1. Effectiveness = the control results and benefits**

- **Legality and regularity of the transactions**

Chafea has set up internal control processes aimed to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments concerned.

This control objective is considered to be achieved if (a) the residual error rate does not exceed 2% of the annual payment authorisations per programme; (b) no significant internal control weaknesses were reported/detected; (c) no significant and/or repetitive errors occurred; (d) no critical issues pertaining to the Agency's control systems audited were reported by the Internal Audit Service, the Court of Auditors or OLAF; and that no other event that resulted in a reputational detriment occurred<sup>18</sup>.

The progress made towards the implementation of the objective "effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions" is measured with the reference to the following mandatory indicators:

- Estimated residual error rate, measured on yearly basis and at the end of the programming period (2020) versus the baseline of 2014 while the target value does not exceed 2%, both annual and cumulative by the end of the programme implementation;
- Estimated overall amount at risk for the year for the entire budget under the Agency's responsibility;
- Estimated future corrections.

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<sup>16</sup> 15 open calls and 7 requests for services following procurement procedures provided for in the Financing Decision 2017 and 2018

<sup>17</sup> For more detailed information regarding the scope of those procurement procedures please refer to Part I of the present document

<sup>18</sup> Materiality criteria and indicators of their fulfilment are determined also in Annex 4 to this report

**Objective 1 (mandatory): Effective and reliable internal control system giving the necessary guarantees concerning the legality and the regularity of the underlying transactions**

**Indicator 1: Estimated residual error rate<sup>19</sup>**

Source of data: Chafea calculation of residual error rate per programme managed-ex post control strategy

Target *Below the materiality criteria (2 %)*

Baseline (2014 AAR)	2015, AAR	2016, AAR	2017, AAR	2018, AAR
Health Programme (HP): 1.94 %	HP: 1.93 %	HP: 1.39 %	HP: 1.65 % (2008-2013) 1.95 % (2014-2020)	HP: 1.92 % (2008-2013) 1.26 % (2014-2020)
Consumer Programme (CP): 1.18 %	CP: 0.79 %	CP 0.48 %	CP 0.71 % (2008-2013) 0.50 % (2014-2020) <sup>21</sup>	CP 0.82 % (2008-2013) 0.26 % (2014-2020)
Agricultural Promotion (AGRI): N/A <sup>20</sup>	AGRI : N/A (no grants awarded)	AGRI: N/A (no final payments in 2016)	AGRI: N/A (no final payments in 2017)	AGRI: N/A (no final payments in 2018)
Better Training for Safer Food (BTSF): N/A	BTSF: N/A	BTSF: N/A	BTSF: N/A	BTSF: N/A <sup>22</sup>

**Indicator 2: Estimated overall amount at risk at closure for the year for the entire budget under the Agency's responsibility**

Source of data: Annual Activity Report/per ABB

Target *Below the materiality criteria (< 2 % of payments)*

Baseline (2014)	2015, ARR	2016, AAR	2017, AAR	2018, AAR
Health Programme (HP): EUR 574 200	HP: EUR 571 634	HP: ~ EUR 310 000	HP: ~ EUR 510 000	HP: ~ EUR 640 000
Consumer Programme: (CP): EUR 100 596	CP: EUR 99 452	CP: ~ EUR 50 000	CP: EUR 0	CP: ~ EUR 20 000
Agricultural Promotion (AGRI): N/A	AGRI: N/A	BTSF: N/A	BTSF: N/A	BTSF: N/A
Better Training for Safer Food (BTSF): N/A	BTSF: EUR 0	AGRI: ~ EUR20 000	AGRI: ~ EUR 20 000	AGRI: ~ EUR140 000 <sup>23</sup>

**Indicator 3: Estimated future corrections**

Source of data: aggregated data on corrective capacity since 2010, provided by DG BUDG annually, in aggregated report

Target *n/a*

Baseline (2014 AAR)	2015, AAR	2016, AAR	2017, AAR	2018, AAR
EUR 1 574 867 (2.3 % over payments of the period)	EUR 1 517 081 (2.29 % over payments of the period)	EUR 2 880 634 (3.6 % over payments of the period 2010-2016)	EUR 510.000 (0.13 % over payments of the period 2010-2017)	EUR 153.747

<sup>19</sup> For the definition, see the first annex to the AAR instructions 2016 "Key definitions for determining amounts at risk" at <https://myintracomm.ec.testa.eu/budgweb/EN/rep/aar/Pages/guidance.aspx>.

<sup>20</sup> Start of programme implementation, no data available

<sup>21</sup> For calculations see Annex 4. The error rates for Programmes 2014-2020 are preliminarily calculated based on the detected error rates identified in available audit reports

<sup>22</sup> No grants managed

<sup>23</sup> Conservative estimates based on highest RER among the other programmes (see table X)

Typically, the actions co-financed from the programme budgets have a duration of one and up to three years. The actions are implemented by public and academic organisations, NGO's, networks, private entities. The beneficiaries are located in different countries participating to the programmes (EU, EFTA, accession countries, third countries). Grant applications are evaluated on the basis of pre-announced selection and award criteria that are specified in the annual Commission financing decisions that serve a legal basis for the ensuing budgetary commitments and authorisations.

The grants awarded under the programmes delegated to Chafea (the Third Health Programme, the Second Consumer Programme, and the Promotion of Agricultural products) take the form of reimbursement of a specified proportion of eligible costs actually incurred by the beneficiary; the cost reimbursement refers to the preliminary budget estimate submitted with the proposal which, after possible adjustment in the process of the grant agreement preparation, becomes a part of the grant agreement. Thus, the calculation and verification of eligible costs bears a relatively high risk of errors considering that the grant beneficiaries differ in their legal status, are located in a wide range of countries where different legal orders apply, and operate on the basis of their own internal control system (e.g. with regards to accounting practices, documentation of working inputs/outputs, etc.).

In 2018, Chafea continued improving the internal procedures of managing transactions within the delegated programmes, basing on the analysis of risks and the results of earlier ex-post controls. The evaluation of grant proposals must ensure that the best proposals are chosen through a competent, objective, impartial and transparent evaluation and award. Particular attention was paid to the implementation of grants, especially in regard to timely and proper preparation of amendments and submission and assessment of deliverables, as well as the verification of payment requests and execution of payments in order to ensure that payments are authorised in time and as a result of objective, necessary and sufficient controls (see also 2.1.2, 2.1.3 and Annexes 4 and 5).

Along with the above mandatory indicators, the following measurements are used to assess the legality and regularity of the procedures conducted within the management of procurement and grants under the delegated programmes:

## Procurement management

Stages of Internal Control Procedure	2014	2015	2016	2017	2018
<b>A. Planning and definition of needs</b>					
Number of procurement procedures that were cancelled during the year	HP: 1 out of 32	HP: 2 out of 24	HP: 0 out of 37	HP: 1 out of 24	HP: 0 Out of 20
	CP: 0	CP: 0	CP: 0	CP: 2	CP: 2
	BTSF: 0	BTSF: 0	BTSF: 0	BTSF: 0	BTSF: 0
			AGRI: 0	AGRI: 3 <sup>24</sup>	AGRI: 0

<sup>24</sup> This concerns requests for specific services where adequate offers were not received from the FW contractor and requests for services (RfS) had to be re-launched.

Number of contracts that were discontinued due to lack of use	HP: 0	HP: 0	HP: 0	HP: 0	HP: 0
	CP: 0	CP: 0	CP: 0	CP: 0	CP: 0
	BTSF: 0	BTSF: 0	BTSF: 0	BTSF: 0	BTSF: 0
			AGRI: 0	AGRI: 0	AGRI: 0
<b>B. Evaluation of the offers submitted and award</b>					
Number of open procurement procedures where only one or no offers received	HP: 0	HP:2	HP: 0	HP: 1	HP: 2
	CP: 1	CP: 0	CP: 0	CP: 2	CP: 0
	BTSF: 1	BTSF: 0	BTSF: 0	BTSF: 0	BTSF: 4 <sup>25</sup>
			AGRI: 3	AGRI: 1 <sup>26</sup>	AGRI: 0
Number of complaints or litigation cases filed following the communication of the evaluation's results.	HP: 0	HP: 0	HP: 0	HP: 0	HP: 0
	CP: 0	CP: 0	CP: 0	CP: 0	CP: 1
	BTSF: 0	BTSF: 0	BTSF: 0	BTSF: 0	BTSF: 0
			AGRI: 0	AGRI: 0	AGRI: 0
Number of negative opinions issued by the Advisory Committee for Procurement Contracts	HP: 0	HP: 0	HP: 0	HP: 0	HP: 0
	CP: 0	CP: 0	CP: 0	CP: 0	CP: 0
	BTSF: 0	BTSF: 0	BTSF: 0	BTSF: 1	BTSF: 0
			AGRI: n/a <sup>27</sup>	AGRI: 0	AGRI: 0
Number of incompliances with applicable rules/guidelines that necessitated an exception to be registered (ICS8)	HP: 0	HP: 0	HP: 0	HP: 0	HP: 0
	CP: 0	CP: 2	CP: 0	CP: 0	CP: 0
	BTSF: 0	BTSF: 0	BTSF: 0	BTSF: 1	BTSF: 0
			AGRI: 0	AGRI: 0	AGRI: 2 <sup>28</sup>

<sup>25</sup> This concerns three calls for tenders with one offer and one without offer, the call was re-launched.

<sup>26</sup> This number does not include RfS in the context of FWC, only open calls.

<sup>27</sup> No open procurement procedures under Promotion of Agricultural products Programme in 2016

<sup>28</sup> Two events of non-compliance concern a posteriori budgetary commitments for activities in third countries under AGRI Promotion.

C. Supervisory measures during contract implementation					
% of service contracts executed as provided within the applicable contractual terms without the imposition of penalties/termination (contracts with penalties/termination vs. open contracts)	HP: 96%	HP:100%	HP: 100%	HP: 100%	HP: 100%
	CP: 94.7%	CP:100%	CP:100%	CP:100%	CP: 100%
	BTSF: 100%	BTSF: 100%	BTSF: 100%	BTSF: 100%	BTSF: 100%
			AGRI: 0	AGRI: 80%	AGRI: 100%
Number of non-compliances with applicable rules/contractual provisions that necessitated an exception/ non-compliance event to be registered (ICS 8)	HP: 0	HP: 0	HP: 0	HP: 0	HP: 0
	CP: 0	CP: 0	CP: 0	CP: 0	CP: 2 <sup>29</sup>
	BTSF: 0	BTSF: 1	BTSF: 0	BTSF: 0	BTSF: 0
			AGRI: 0	AGRI: 1	AGRI: 0
Number/amount of liquidated damages	HP: 0	HP: 0	HP: 0	HP: 0	HP: 0
	CP: 0	CP: 0	CP: 0	CP: 0	CP: 0
	BTSF: 0	BTSF: 0	BTSF: 0	BTSF: 0	BTSF: 0
			AGRI: n/a	AGRI: 0	AGRI: 0
Amounts associated with errors detected related to fraud, irregularities, errors) in % over the total checked	HP: 0	HP: 0	HP: 0	HP: 0	HP: 1
	CP: 0	CP: 0	CP: 0	CP: 0	CP: 2
	BTSF: 0	BTSF: 0	BTSF: 0	BTSF: 0	BTSF: 1
			AGRI: 0	AGRI: 0	AGRI: 0

According to the Commission annual Implementing Decisions adopted in the framework of the execution of the multiannual Health and Consumer programmes (2014-2020) and the policy for Promotion of Agricultural products, the Agency is responsible for preparation and conducting of procurement procedures in accordance with the provisions of Title VII of the EU Financial Regulation.

Procurement contracts are awarded to the most economically advantageous tenders determined on the basis of the best '*best Price/Quality ratio*' award method taking into account the offered price and the assessment of pre-determined quality criteria.

The Agency is responsible for ensuring transparency, proportionality, equal treatment and non-discrimination of the economic operators participating in tenders, as well as the principle of a sound financial management. The compliance with the regulatory provisions prevents risks of litigations; the choice of the contractor offering the best price/quality ratio ensures that the Agency will obtain the requested services in conformity with the agreed terms (quality and timing) and at a favourable price. Both prior to their launch and

<sup>29</sup> Deviation from rules on roles in financial management systems

afterwards, all stages of each procurement procedure irrespective of its value are verified by the legal department and subsequently by the financial verifying officer and pass all the stages of the general ex-ante control.

During 2018, 12 ACPC meetings were held and one written procedure conducted, on 17 procurement procedures. The Rules of Procedure of the Advisory Committee on Procurement and Contracts (ACPC) were modified and updated for making ACPC work more efficient and ensuring adequate reporting on lessons learned (thus improvement of the internal control system). Significant improvements have been noticed, compared to previous years, in the preparation of the procurement documents and the quality of the evaluation reports. Steps towards better awareness of all staff about ACPC findings and recommendations are planned with the aim to further increase the quality of reports. As a first action, in-house training sessions on procurement will be conducted in the first half of 2019 in order to raise staff awareness on the recommended evaluation practices and ACPC role and rules of procedures.

The contract implementation stage encompasses controls ensuring that what has been contracted is actually delivered. The duration of service contracts may vary from a number of months to two years. Bearing in mind the nature of the services (mainly comprising studies supporting the policy making of the Agency's parent Directorate General, or organisation of agri promotion events in non-EU countries or training services) it is of outmost importance to ensure quality and timeliness of the contracted deliverables. Thus, the Agency is responsible to secure that the contractors follow the accepted working methodology so as to ensure that deliverables satisfy the quality standards set in the contract.

100% of payment transactions related to procurement subject to thorough verification, both operational and financial. Acceptance of all the contract outputs is a pre-condition for the invoice becoming payable and for the payment being executed in full respect of the contractual terms.

## Grant management

Stages of Internal Control Procedure <sup>30</sup>	2014	2015	2016	2017	2018
<b>A. Programming and planning</b>					
% of calls successfully concluded (to the number of calls foreseen in the annual work programme)	HP: 100%	HP: 100%	HP: 100%	HP: 90% <sup>31</sup>	HP: 100%
	CP: 100%	CP: 75%	CP: 100%	CP: 100%	CP: 75% <sup>32</sup>
			AGRI: 100%	AGRI: 100%	AGRI: 100%
Number of proposals received	HP: 130	HP: 91	HP: 90	HP: 89	HP: 65
	CP: 63	CP: 35	CP: 32	CP: 38 <sup>33</sup>	CP: 50 <sup>34</sup>
			AGRI: 226	AGRI: 224	AGRI: 182

<sup>30</sup> PHP stands for Public Health Programme, CP stands for Consumer Programme; no grants are awarded under the BTSF Initiative

<sup>31</sup> On call for Specific grant agreements (SGA), following the decision by CHAFEA on the award of Framework Partnership Agreements (FPA) for operating grants to NGOs, an Article 22 procedure was launched by one of the unsuccessful applicants. A preliminary assessment indicates that there might be grounds to revise part of the process of FPA award, therefore the call for SGAs was not concluded in 2017

<sup>32</sup> Evaluation of proposals and conclusion of ADR grant agreements in January 2019

<sup>33</sup> Exchange of officials not included

<sup>34</sup> 121 including Exchange of Officials applications

% of Budget amount of the work programme awarded <sup>35</sup>	HP: 100%	HP: 100%	HP: 100%	HP: 87%	PH: 96,45
	CP: 96,76%	CP: 89%	CP: 100%	CP: 89% <sup>36</sup>	CP: 91,27
			AGRI: 100%	AGRI: 100%	AGRI: 92%
Complaints submitted by applicants	HP: 13	HP: 4	HP: 3	HP: 4	HP: 1
			CP: 0	CP: 0	CP: 0
			AGRI: 6	AGRI: 2	AGRI: 2 <sup>37</sup>
<b>B. Evaluation, Ranking and Selection of Proposals (Award)</b>					
Number of experts excluded as being in a conflict of Interest Situation	HP: 5	HP: 1	HP: 0	HP: 0	HP: 0
	CP: N/A	CP: N/A	CP: N/A	CP: N/A	CP: N/A
			AGRI: 6	AGRI: 5	AGRI: 6
Number of applicants that successfully challenged the results of the evaluation/ number of litigation procedures initiated	0	0	HP: 0	HP: 0	HP: 1 <sup>38</sup>
			CP: 0	CP: 0	CP: 0
			AGRI: 0	AGRI: 0	AGRI: 0
Number of incompliances with applicable rules/guidelines that necessitated an exception to be registered (ICS8)	0	0	HP: 0	HP:1	HP: 0
			CP: 0	CP: 0	CP: 0
			AGRI: 0	AGRI: 0	AGRI: 0
<b>C. Contracting phase: transformation of the awarded proposals to grant agreements.</b>					
% of the awarded grants that led to the signature of grant agreements	HP:79%	HP: 69%	HP: 100%	HP: 100%	HP: 100%
	CP: N/A	CP: 100%	CP: 100%	CP: 100%	CP: 100%
			AGRI: 100%	AGRI: 100%	AGRI: 95%

<sup>35</sup> The percentage is calculated on the basis of the credits available with the launch of the call against the amount finally awarded

<sup>36</sup> This is due to the fact that for one of the call, proposals are being evaluated in January 2018

<sup>37</sup> Requests for evaluation review addressed to the Agency following communication of evaluation results

<sup>38</sup> Review request received on 5/12/2017, decision taken on April 2018

<b>D. Monitoring of execution of the grant agreements.</b>					
Budget amount of errors detected over authorised payments (% of cost rejected over those claimed)	HP: 2,8%	HP:6,4%	HP: 6,45%	HP: 5,7%	HP: 0,16% <sup>39</sup>
	CP: 5.9%	CP: 5,3%	CP: 0,65%	CP: 1,9%	CP: 0,054%
			AGRI: n/a	AGRI: n/a	AGRI: 0%
Number of penalties <sup>40</sup> imposed	HP: 1	HP: 0	HP: 1	HP: 0	HP: 0
	CP: 0	CP: 0	CP: 0	CP: 0	CP: 0
			AGRI: n/a	AGRI: n/a	AGRI: 0
<b>E. ex post control implementation and follow up</b>					
Corrective capacity					0,2 %

#### *Ex-ante controls*

Chafea put in place an internal control system that provides for a close monitoring of each co-financed action under the four managed programmes. In accordance with the Financial Regulation each operation shall be subject to at least an ex-ante control (Art. 73); before an operation is authorised, the aspects of this operation (operational and financial) have to be verified by at least one member of staff other than the one(s) who initiated the operation (the "four eyes" principles, Art 74); the independence of the verifier shall be guaranteed (Art. 74), meaning that the person executing the verification function cannot be in a subordinated role to those who execute the initiation task (i.e.: a head of unit cannot initiate a transaction that is to be verified by a member of her/his unit).

These obligations are implemented by Chafea into processes and procedures (e.g. Financial Circuits) for both grants and procurements, as a way to support the authorizing officer and to ensure that the internal control objectives are met.

Specifically for the grants, the controls ensuring a sound follow-up consist in assessing the deliverables and reports submitted by the beneficiaries of the grants. The Agency's staff participates in events (e.g. workshops, 'cluster meetings', presentations, etc.) where project deliverables are presented to both specialised audiences and broad public, and further disseminated.

Based on a risk analysis in regard to beneficiaries' implementation capacities, procedures of reinforced monitoring of grants were introduced. In 2018, two grants were put to reinforce monitoring under the Promotion of agricultural products and one under the 3<sup>rd</sup> Health Programme.

<sup>39</sup> Data without ERNs; based on rejections by FO, 20% transfer rule not taken into consideration

<sup>40</sup> The term 'penalties' refers to reduction of the EC contribution because the action was poorly, partially or not timely implemented

A precondition for payments is the verification of eligibility of the costs declared by the beneficiaries, in accordance with the provisions of the grant agreement. In 2018, Chafea paid special attention to this latter procedure in order to adopt it to the requirements of timely transaction based on reliable controls. Based on the analysis of the nature of the error rates and of the causes for delays in payments a new strategy for payments was developed providing for additional ex-ante controls over larger numbers of invoiced amounts (e.g. lowering the thresholds for provision of certified statements, introduction of additional checks for largest values of procurement contracts concluded within respective grant agreements, increased monitoring of the internal timeline for processing payment requests. To complement the strategy, a guide for payments has been drafted.

#### *Ex-post controls*

Chafea exercises ex-post controls by auditing a sample of final payments made over a multi-annual period of 11 years (2008-2018 for the Health Programme and Consumer Programme). The sample is drawn from two strata of the population of final payments<sup>41</sup>: those estimated as having a higher risk of errors and those estimated as bearing a low risk of errors. In yearly audits, the higher-risk-sample represent a rather large part of the strata (minimum 30%, sometimes 100%), the sample of low-risk transactions is drawn at random and covers 8%-14% of the annual number of payments and at the average up to 10% of the amounts paid during the year (in monetary terms). Sufficient coverage is ensured through the rotating nature of the sampling over the multiannual period.

The first grants under Promotion of Agricultural Products started in 2016 and therefore, no final payment was yet executed in 2018. Based on a risk assessment, it was decided to perform in 2018 ex-post audits on interim payments from the grants funded under the Promotion of Agriculture Products.

In 2018, ex-post audits were carried out at the beneficiaries' premises, covering a percentage of payments authorised over the period 2008-2018. The results of ex-post controls allow drawing conclusions regarding the detected error rate affecting the whole population throughout the whole duration of the managed programmes (2008-2013 and 2014-2020).

The results allow the Authorising Officer to make an informed decision whether a reservation needs to be made on the basis of the predefined materiality criteria. The results of the ex-post controls performed after the execution of final payments of grants provide, among other, also information on the quality (effectiveness) of the ex-ante controls, as well as the basis for the assessment of the Agency's financial exposure in terms of amount at risk per programmes concerned; this amount will determine if a reservation is needed considering the materiality of the residual error.

The approach to the calculation of the error rates in 2018, as presented in this report, aims at reflecting the facts that programmes 2008-2013 (HP, CP) are under closure. 2018 becomes the year of the last payments under these programmes. The cumulative sample of audits under this programme generation can be considered representative in terms of its nature (random sampling of non-risky transactions and minimum 30% coverage of transactions seen as risky) and its size (8%-12% of all total final payment value between 2008 and 2018).

End-2018 – beginning 2019, all ex-post audits are finalised except for the 2018 contract for ex-post which was signed in September 2018. For this reason, only preliminary reports are available and are at the stage of contradictory procedure with the beneficiaries. These

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<sup>41</sup> Only final payment where audited until now. The only exception is for the new AGRI programme where, based on a risk analysis, it was decided to audit interim payments. This audit revealed 0% error rate.

preliminary reports included: 2 out of 18 audits under Health Programme; 2 out of 5 audits under the Consumers Programme; and 1 out of 2 audits under the Promotion of Agricultural Products. The error rate calculated up to the moment of this report for the audits 2018 is the preliminary detected error rate (conservative approach). For details on calculation and materiality see Annex 4.

In 2019, audit reports will be finalised and the residual error rate will be calculated for the audits of 2018. The assumption that the new generation of programmes will be not more risk-bearing than the generation of 2008-2013, is underlain by the homogeneous concepts of eligibility and non-eligibility of costs between both generations of programmes, ex-ante measures taken by Chafea, such as inception meetings with beneficiaries where detailed explanations are given on the proper account and documentation of the grant related expenses, ex-ante controls of payments, both interim and final, sufficient recovery capacity of the Agency.

### **Grants: overall amount at risk and corrective capacity**

In the context of the protection of the EU budget, at the Commission's corporate level, the Agency's estimated overall amounts at risk and their estimated future corrections are consolidated.

For Chafea, the estimated overall amount at risk at payment<sup>42</sup> for the 2018 expenditure is 0,96M€. This is the AOD's best, conservative estimation of the amount of *relevant expenditure*<sup>43</sup> during the year (85,03M€) not in conformity with the applicable contractual and regulatory provisions at the time the payment is made<sup>44</sup>.

This expenditure will be subsequently subject to ex-post controls and a sizeable proportion of the underlying error will be detected and corrected in successive years. The conservatively estimated future corrections<sup>45</sup> for the 2018 expenditure are 0,15M€. This is the amount of errors that the DG conservatively estimates to identify and correct from controls that it will implement in successive years.

The difference between those two amounts leads to the estimated overall amount at risk at closure<sup>46</sup> for the 2018 expenditure of 0.81M€.

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<sup>42</sup> In order to calculate the weighted average error rate (AER), the *detected or equivalent* error rates have been used; *see note 6 to the table*.

<sup>43</sup> "relevant expenditure" during the year; *see note 5 to the table*.

<sup>44</sup> "*payments made*" or *equivalent*; *see note 2 to the table*.

<sup>45</sup> Even though to some extent based on the 7 years historic Average of Recoveries and financial Corrections (ARC), which is the best available indication of the corrective capacity of the ex-post control systems implemented by the DG over the past years, the AOD [*has adjusted*] this historic average [*from 2,8 to 2,4*]. Any ex-ante elements, one-off events, (partially) cancelled or waived ROs, and other factors from the past years that would no longer be relevant for current programmes (e.g. higher ex-post corrections of previously higher errors in earlier generations of grant programmes, current programmes with entirely ex-ante control systems) [*have been adjusted*] in order to come to the best but conservative estimate of the ex-post future corrections to be applied to the reporting year's relevant expenditure for the current programmes. [*+ summarize here the approach taken by the DG*].

<sup>46</sup> For some programmes with no set *closure* point (e.g. EAGF) and for some multiannual programmes for which corrections are still possible afterwards (e.g. EAFRD and ESIF), all corrections that remain possible are considered for this estimate.

Corrective capacity – 7-year historic average – operational expenses<sup>47</sup>

Financial Year	Pay Accepted Amount EUR	Total Recoveries	Average Correction
2011	51 786 683,18	n/a	n/a
2012	66 649 883,27	3 030 270,61	4.5 %
2013	64 405 387,87	913 463,48	1.4 %
2014	61 272 489,18	3 735 254,61	6.1 %
2015	66 257 143,19	1 831 200,6	2.8 %
2016	80 726 153,04	2 880 634,73	3.6 %
2017	80 659 383,10	895 679,99	1.1 %
2018	98 984 238,76	153 747,78	0,2 %
			Historic average: 2.4 %

**Conclusion**

Taking into account the elements supporting assurance and the expected corrective capacity of the controls to be implemented in subsequent years, it can be concluded that the internal control system at Chafea provides sufficient assurance that risks related to the legality and regularity of the underlying transactions are adequately managed.

<sup>47</sup> Data provided by DG BUDG centrally

Table X – Estimated overall amount at risk at closure

CHAFFEA 2018	"payments made" (in 2018; m€)	minus new prefinancing (in 2018; m€)	plus cleared prefinancing (in 2018; m€)	= "relevant expenditure" (for the 2018; m€)	Average Error Rate ( <i>weighted</i> AER; %)	estimated overall amount at risk at payment (2018; m€)	Average Recoveries and Corrections ( <i>adjusted</i> ARC; %)	estimated future corrections [and deductions] (for FY; m€)	estimated overall amount at risk at closure (m€)
(1)	(2)	(3)	(4)	(5) = (2)-/(3)+/(4)	(6)	(7) = (5)x(6)	(8)	(9) = (5)x(8)	(10) = (7)-(9)
Health Programme 2008-2013	3,36	3,36	15,47	15,47	1,92 %	0,30	0,20 %	0,03	0,27
Health Programme 2014-2020 <sup>48</sup>	42,71	18,83	11,52	35,40	1,26 % <sup>49</sup>	0,45	0,20 %	0,07	0,37
<b>Health Programme Total (sums of results by programme)</b>	<b>46,07</b>	<b>22,19</b>	<b>26,99</b>	<b>50,87</b>	<b>1,46 %</b>	<b>0,74</b>	<b>0.20 %</b>	<b>0,1</b>	<b>0,64</b>
Consumers Programme 2007-2013	0,17	0,17	1,27	1,27	0,82 %	0,01	0,20 %	0	0,01
Consumers Programme 2014-2020 <sup>50</sup>	18,52	9,42	6,38	15,48	0,26 % <sup>51</sup>	0,04	0,20 %	0,03	0,01
<b>Consumers Programme Total (sums of results</b>	<b>18,69</b>	<b>9,59</b>	<b>7,65</b>	<b>16,75</b>	<b>0,31 %</b>	<b>0,05</b>	<b>0,20 %</b>	<b>0,03</b>	<b>0,02</b>

<sup>48</sup> Detected error rate. RER will be reported after audit finalisation / in AAR-2019

<sup>49</sup> Conservative estimate

<sup>50</sup> Detected error rate

<sup>51</sup> Conservative estimateEsti

<b>CHAFEA 2018</b>	<b>"payments made" (in 2018; m€)</b>	<b>minus new prefinancing (in 2018; m€)</b>	<b>plus cleared prefinancing (in 2018; m€)</b>	<b>= "relevant expenditure" (for the 2018; m€)</b>	<b>Average Error Rate (weighted AER; %)</b>	<b>estimated overall amount at risk at payment (2018; m€)</b>	<b>Average Recoveries and Corrections (adjusted ARC; %)</b>	<b>estimated future corrections [and deductions] (for FY; m€)</b>	<b>estimated overall amount at risk at closure (m€)</b>
(1)	(2)	(3)	(4)	(5) = (2)-/(3)+/(4)	(6)	(7) = (5)x(6)	(8)	(9) = (5)x(8)	(10) = (7)-(9)
<b>by programme)</b>									
<b>BTSF</b>	<b>9,52</b>	<b>9,52</b>	<b>0,26</b>	<b>0,26</b>	<b>0 %</b>	<b>0</b>	<b>0 %</b>	<b>0</b>	<b>0</b>
<b>Promotion of agricultural products</b>	<b>24,7</b>	<b>8,42</b>	<b>0</b>	<b>16,28</b>	<b>1,92 %<sup>52</sup></b>	<b>0,31</b>	<b>0.20%</b>	<b>0,03</b>	<b>0,28</b>
<b>sub TOTAL</b> (operational) sums of totals by programme	<b>98,98</b>	<b>49,72</b>	<b>34,90</b>	<b>84,16</b>	<b>1,32%</b>	<b>1,11</b>	<b>0,20 %</b>	<b>0,17</b>	<b>0,94</b>
<b>ADMIN</b> (operating)	<b>8,33</b>	<b>8,33</b>	<b>0</b>	<b>0</b>	<b>0.01 %<sup>53</sup></b>	<b>0,00</b>	<b>0 %</b>	<b>0</b>	<b>0</b>
<b>TOTAL</b> (sums of sub-totals by budget)	<b>107,31</b>	<b>58,05</b>	<b>34,90</b>	<b>84,16</b>	<b>1,32%</b>	<b>1,11</b>	<b>0,20 %</b>	<b>0,17</b>	<b>0,94</b>

<sup>52</sup> conservative estimate based on the highest rate of the other two programmes

<sup>53</sup> conservative estimate

<b>CHAFEA 2018</b>	<b>"payments made" (in 2018; m€)</b>	<b><i>minus</i> new prefinancing (in 2018; m€)</b>	<b><i>plus</i> cleared prefinancing (in 2018; m€)</b>	<b>= "relevant expenditure" (for the 2018; m€)</b>	<b>Average Error Rate (<i>weighted</i> AER; %)</b>	<b>estimated overall amount at risk at <i>payment</i> (2018; m€)</b>	<b>Average Recoveries and Corrections (<i>adjusted</i> ARC; %)</b>	<b>estimated future corrections [and deductions] (for FY; m€)</b>	<b>estimated overall amount at risk at <i>closure</i> (m€)</b>
(1)	(2)	(3)	(4)	(5) = (2)-/(3)+/(4)	(6)	(7) = (5)x(6)	(8)	(9) = (5)x(8)	(10) = (7)-(9)

- ***Fraud prevention, detection and correction***

**Chafea has developed and implemented its own anti-fraud strategy since 2014, elaborated on the basis of the methodology provided by OLAF. It has been updated in October 2017.**

The Agency anti-fraud strategy is implemented in accordance with the anti-fraud action plan 2017-2021 which forms an integral part of Chafea anti-fraud strategy. Its implementation is being monitored twice a year with reporting to the Agency management and the Steering Committee.

The action plan includes such measures as compulsory training and awareness, enhancing the anti-fraud focus within Chafea existing practices and procedures, inter-institutional coordination and cooperation on anti-fraud related matters. Twice a year the monitoring of the action plan implementation is conducted in line with the procedures of internal control including regular managerial supervision and is based on the factual reporting on the progress and qualitative and quantitative indicators. Thus, in 2018, training on ethics and integrity was confirmed as compulsory in Chafea learning and development framework and newcomers recruitment files, about 20% of staff updated their knowledge and awareness through anti-fraud training, communications to staff were issued through Chafea intranet on fraud prevention and detection training opportunities, newly developed fraud prevention and detection procedures and guidelines, recent developments at the EC level (OLAF and IDOC reports).

In correspondence with the Commission instructions, Chafea conducts an annual assessment of fraud related risks and exercises risk-based controls in the context of permanent controls over financial and non-financial transactions. These controls are embedded into the multiannual control strategy for financial transactions, HR related procedures governed by the EU Staff Regulations.

In 2018, following the action plan and the Commission developed rules for Implementing the EU Staff Regulations, Chafea Steering Committee adopted the guidelines on whistleblowing upon which Chafea developed an internal allocation of roles and tasks to support whistleblowing and protect whistleblowers. Chafea internal procedure for handling fraud cases was developed; anti-fraud contact point and the anti-fraud officer were officially appointed; the updated red flag list compiled upon a broad consultation with internal stakeholders. In this way, by end-2018, ten out of twelve actions in the plan can be considered as implemented. At the same time Chafea is planning further steps to develop and deepen the results achieved, e.g. improved monitoring of staff's acquiring and updating anti-fraud knowledge and awareness through training, conducting awareness sessions on newly developed procedures, ensuring beneficiaries' and contractors' familiarisation with the red flags, continuous update of staff about OLAF and IDOC activities, search and use of best practices of other DGs. The two planned actions relate to better cooperation with parent DGs on the areas of special importance, in particular on potential lobbyism, and with DG HR ethics correspondent, need further attention in order to either review the action plan or implement them.

As a result of the controls with the preventive and deterrent effect, no cases of fraud were opened, either became subject to investigation / litigation / publicity. Basing on this fact it can be concluded that the anti-fraud controls are present and effective and generate the benefits through preventing damages both financial and reputational to the EU interests.

In view of the forthcoming new version of the Commission anti-fraud strategy Chafea plans to consider, in coordination with OLAF and parent DGs, if the current strategy of the Agency shall undergo corresponding update in 2019.

- **Other control objectives: safeguarding of assets and information, reliability of reporting (not applicable)**

## 2. Efficiency

The achievement of the Internal Control Objective of "Effective and reliable internal control system in line with sound financial management" is measured by the following efficiency indicators:

### Key Performance indicators

<b>Indicator: Time to grant (grant management)</b>		
2018	Target	Source of data
Public Health Programme (HP): average 6,2 months  % of grants signed within legal deadline: 96,83%	100% grants signed within the legal deadline (9 months from submission deadline according to FR)	IT system of grant management
Consumers Programme (CP): average 4,9 months  % of grants signed within legal deadline: 90%		
Promotion of Agricultural Product (AGRI): average 7,5 months  % of grants signed within legal deadline: 100%		
<b>Indicator: Time to inform applicants (grant management)</b>		
2018	Target	Source of data
Public Health Programme (HP): average 4,0 months  % of applicants informed within legal deadline: 80,05%	100 % applicants informed within the legal deadline (6 months from submission deadline according to FR)	IT system of grant management
Consumers Programme (CP): average 2,1 months  % of applicants informed within legal deadline: 100%		
Promotion of Agricultural Product (AGRI): average 4,7 months  % of applicants informed within legal deadline: 100%		

Indicator: Time to pay (procurement and grant management)												
2018	Target	Source of data										
<p>Public Health Programme (HP):</p> <p>97.35% compliant with legal deadlines</p> <table border="1"> <thead> <tr> <th>Legal deadline</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>30 days</td> <td>98,28%</td> </tr> <tr> <td>45 days</td> <td>85,71%</td> </tr> <tr> <td>60 days</td> <td>95,16%</td> </tr> <tr> <td>90 days</td> <td>100%</td> </tr> </tbody> </table>	Legal deadline	Result	30 days	98,28%	45 days	85,71%	60 days	95,16%	90 days	100%	100% of payments within legal deadline.	SIGMA/COMPASS; Corda, ABAC
Legal deadline	Result											
30 days	98,28%											
45 days	85,71%											
60 days	95,16%											
90 days	100%											
<p>Consumers Programme (CP):</p> <p>95,73% compliant with legal deadlines</p> <table border="1"> <thead> <tr> <th>Legal deadline</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>30 days</td> <td>91,63%</td> </tr> <tr> <td>45 days</td> <td>100%</td> </tr> <tr> <td>60 days</td> <td>100%</td> </tr> <tr> <td>90 days</td> <td>100%</td> </tr> </tbody> </table>	Legal deadline	Result	30 days	91,63%	45 days	100%	60 days	100%	90 days	100%	100% of payments within legal deadline	SIGMA/COMPASS; Corda, ABAC
Legal deadline	Result											
30 days	91,63%											
45 days	100%											
60 days	100%											
90 days	100%											
<p>Promotion of Agricultural Products (AGRI):</p> <p>98,82% compliant with legal deadlines</p> <table border="1"> <thead> <tr> <th>Legal deadline</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>30 days</td> <td>100%</td> </tr> <tr> <td>45 days</td> <td>100%</td> </tr> <tr> <td>60 days</td> <td>88,88%</td> </tr> <tr> <td>90 days</td> <td>100%</td> </tr> </tbody> </table>	Legal deadline	Result	30 days	100%	45 days	100%	60 days	88,88%	90 days	100%	100% of payments within legal deadline	SIGMA/COMPASS; Corda, ABAC
Legal deadline	Result											
30 days	100%											
45 days	100%											
60 days	88,88%											
90 days	100%											
<p>Better Training for Safer Food (BTSF):</p> <p>93,24% compliant with legal deadlines</p> <table border="1"> <thead> <tr> <th>Legal deadline</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>30 days</td> <td>73,33%</td> </tr> <tr> <td>45 days</td> <td>100%</td> </tr> <tr> <td>60 days</td> <td>98,21%</td> </tr> <tr> <td>90 days</td> <td>100%</td> </tr> </tbody> </table>	Legal deadline	Result	30 days	73,33%	45 days	100%	60 days	98,21%	90 days	100%	100% of payments within legal deadline	ABAC
Legal deadline	Result											
30 days	73,33%											
45 days	100%											
60 days	98,21%											
90 days	100%											
<p><b>Total Operational budget:</b></p> <p>96.54% compliant with legal deadlines</p> <table border="1"> <thead> <tr> <th>Legal deadline</th> <th>Result</th> </tr> </thead> <tbody> <tr> <td>30 days</td> <td>95,42%</td> </tr> <tr> <td>45 days</td> <td>98,08%</td> </tr> <tr> <td>60 days</td> <td>96,93%</td> </tr> <tr> <td>90 days</td> <td>100%</td> </tr> </tbody> </table>	Legal deadline	Result	30 days	95,42%	45 days	98,08%	60 days	96,93%	90 days	100%	100% of payments within legal deadline	SIGMA/COMPASS; Corda, ABAC
Legal deadline	Result											
30 days	95,42%											
45 days	98,08%											
60 days	96,93%											
90 days	100%											

<b>Administrative budget</b> 97.29% compliant with legal deadlines	100% of payments within legal deadline	ABAC										
<table border="1"> <thead> <tr> <th style="text-align: left;">Legal deadline</th> <th style="text-align: left;">Result</th> </tr> </thead> <tbody> <tr> <td>30 days</td> <td>97,28%</td> </tr> <tr> <td>45 days</td> <td>100%</td> </tr> <tr> <td>60 days</td> <td>100%</td> </tr> <tr> <td>90 days</td> <td>100%</td> </tr> </tbody> </table>			Legal deadline	Result	30 days	97,28%	45 days	100%	60 days	100%	90 days	100%
Legal deadline			Result									
30 days			97,28%									
45 days			100%									
60 days	100%											
90 days	100%											

**Indicator: % of budget Implementation: commitments and payments with respect to budget appropriations (Operational and operating budget)<sup>54</sup>**

<b>Operational budget</b>		
2018	Target	Source of data
Public Health programme (HP) 99,63% commitments 99,81% payments	100% (commitments and payments)	ABAC/Budget implementation reports
Consumers Programme (CP) 100% commitments 97,84% payments	100% (commitments and payments)	ABAC/Budget implementation reports
Promotion of Agricultural Products (AGRI) 100% commitments 100% payments	100% (commitments and payments)	ABAC/Budget implementation reports
Better Training for Safer Food (BTSF) 100% commitments 99,81% payments	100% (commitments and payments)	ABAC/Budget implementation reports
All programmes combined together 99,96% commitments 99,48% payments	100% (commitments and payments)	ABAC/Budget implementation reports
<b>Operating budget</b>		
2018	Target	Source of data
97% commitments 78,80% payments	100% (commitments and payments)	ABAC/Budget implementation reports

**Indicator: Estimated residual error rate in financial transactions**

2018	Target	Source of data
Health programme: 1,92% Consumer programme 0,82% Agri Promotion: n/a	Below the materiality criteria of 2%	Ex-post audit

<sup>54</sup> Comprises all commitments levels 1 and 2

## Controls

In 2018, Chafea continued taking measures towards increased efficiency of controls, such as:

- streamlining rules and practices of grant award and management through the delegated programmes in order to further standardise the applied controls and checks. For this purpose an inter-institutional task force on simplification was set up of representatives from Chafea and its parent DGs
- introduction of a new control strategy on payments of grants, with a strong focus on time-to-pay indicator;
- establishing managerial supervision plan based on current reporting and factual scoreboards, with strong emphasis on the internal control objectives: legality regularity, sound financial management, fraud prevention and detection, reliability of reporting;
- reinforced monitoring of grants: three grants with higher risk in terms of the beneficiaries' financial capacities or financial accountability systems were put onto the reinforced monitoring;
- conducted analysis and inventory of sensitive posts with indication of mitigating actions and their implementation timing.

### **3. Economy**

In line with Article 74 of the Financial Regulation, Chafea quantifies as far as possible the costs and resources inputted in the controls with the purpose to prevent, detect and correct errors and irregularities and achieve the programme objectives at the best value for money.

In line with the established approach to the control cost calculation and referring to the facts described in the previous paragraphs Chafea bases the conclusions of the controls costs on direct costs estimated in full time equivalents (FTEs). The costs of controls are assessed by activity, namely grants and procurement management, where the costs of control are calculated by estimating the number of full-time equivalents dedicated to the control stages or processes and other expenditures related to the control stages and processes.

Direct costs refer to costs that can be directly attributable to each control activity and externally contracted costs. The staff cost of the personnel directly linked with control activities costs are considered. As the basis for the calculation data collected during the workload assessment in 2018, data from the ATLAS HR management system are used, as well as the data on the budget spent on the external expertise, such as the costs of the ex-post audit of grants by external companies, costs of external evaluators of grant proposals, or costs of other outsourced control activities. The costs of external expertise are expressed in total amounts paid or committed.

Chafea estimates the costs of controls within grant management at EUR 3,35 million which amounts to 1,66% of the total commitments/payments appropriations out of the delegated operational budget implemented in 2018 and the costs of controls within procurement management at EUR 2,71 million which amounts to 3,95% of the total commitments/payments appropriations out of the delegated operational budget implemented in 2018 (see calculations in Annex 4). Consequently the total costs of controls in 2018 are estimated at EUR 6,06 million which makes up of 2,24 % of the commitments/payments appropriations authorised in 2018 under the operational budget.

#### **4. Conclusion on the cost-effectiveness of controls**

Based on the most relevant key indicators and control results, Chafea has assessed the effectiveness, efficiency and economy of the control system and reached a positive conclusion on the cost-effectiveness of controls.

##### **BENEFITS OF CONTROLS**

###### **Assessment of non-quantifiable benefits**

Especially benefits resulting from the controls carried-out during the initial stages of the procedures, including the programming and planning phase, ensure that the co-financed projects and procured services optimally contribute to the achievement of the parent DGs' policy objectives. The benefits from control go beyond those expressed in monetary terms (quantifiable) and are broader than purely financial ones. The controls performed during the preparatory phase allow for the next stages of the procedure (evaluation, award, and signature of the agreement or contract) to occur; in specific, the quality of the call/tender documentation, the completeness of the information that is requested from applicants/tenderers will facilitate a transparent evaluation, ensuring equal treatment of the applicants/tenderers. Sound call and tender documentation, while becoming part of agreements/contracts, is a pre-requisite and pre-condition of further high-quality controls over project progress and outputs which means that the control over all related payments becomes possible and the payment procedures are transparent and based on the sound financial management principles. A sound evaluation will ensure the selected proposals' / offers' best contributing to the attainment of the objectives of the respective programmes and policies at an advantageous price/quality ratio.

Further non-quantifiable benefits from controls consist in e.g. their deterrent effect, and particularly important prevention of reputational damages and confirming legality, regularity, ethics and integrity values. Especially ex-post controls bear deterrent effect in case of recurrently audited beneficiaries and result in more accuracy and improved processes and documentation.

###### **Assessment of quantifiable benefits**

To assess controls benefits in terms of quantities Chafea applies calculations based on monetary values related to awarded grants or procured contracts. Controls performed during the main stages of expense cycle are considered: programming and preparation, implementation and conclusion including ex-post controls (costs of control calculations see in Annex 4).

###### **Overall assessment of cost-effectiveness of controls**

The Agency estimates, as far as possible, the benefits of controls in terms of the amount of errors and irregularities prevented, detected and corrected by these controls (for calculations see Annex 4).

The quantitative benefits of the controls in 2018 are expressed as the relation of the costs of controls in both grant and procurement management towards the total identified material benefits.

Costs of controls	Quantifiable benefits of controls	Cost Effectiveness Ratio
EUR 3.354.356 (grants) The costs of controls include also controls over the selection of grants co-funding within Agri Promotion call for simple grants where grants are managed by Member States i.e. the payments are made by the latter, not by Chafea but Chafea bears control costs at stages "preparation, adoption and publication of the Calls for Proposals" and "evaluation and selection of proposals"	EUR 5.001.714 (grants)	1 : 1.5
EUR 2.709.837 (procurement)	EUR 2.123.363,96 (procurement)	1 : 0.78
<b>Total: EUR 6.064.193</b>	<b>7.125.077,16</b>	<b>1 : 1.17</b>

*Evolution of the ratio costs of controls/overall funds managed*

2014	2015	2016	2017	2018
grants				
5,3%	4,6%	3,8%	2,6%	1.66 %
procurement				
7,4%	4,5%	3%	1,4%	3.95 %
Total				
6,2%	4,5%	4%	4 %	3 %

*Evolution of the control cost-effectiveness in quantifiable terms*

2014	2015	2016	2017	2018
grants				
1 : 1,8	1 : 1,06	1 : 2,8	1 : 5,1	1 : 1.5
procurement				
1 : 16,6	1 : 4,2	1 : 4,7	1 : 6,5	1 : 0;78
Total				
1 : 8,5	1 : 1,6	1 : 2,8	1 : 5,6	1 : 1.17

The ratio concerning cost-effectiveness of controls in 2018 decreases for grants, mainly because there was less proposals declared ineligible in 2018. The ratio also decreased

substantially for procurements. To draw conclusion about the cost-effectiveness of controls in 2018, one has to take into account that a considerable part of the work aims at preventing possible errors in the course of procedures (in particular for procurement) and results in a decrease of errors that could be detected during these controls. Therefore the non-quantified benefits of control usually exceed those that could be quantified, in particular for procurements.

Referring to the above, it can be stated that overall, during 2018, the controls carried out by the Agency for the management of the budget appropriations were cost-effective.

## 2.1.2 Audit observations and recommendations

This section reports and assesses the observations, opinions and conclusions reported by auditors in their reports as well as the limited conclusion of the Internal Auditor on the state of control, which could have a material impact on the achievement of the internal control objectives, and therefore on assurance, together with any management measures taken in response to the audit recommendations.

The Agency is audited by both internal and external independent auditors: the Commission internal audit service (IAS); Commission DG Budget (BUDG), the European Court of Auditors (ECA).

- **IAS audits**

In 2018, IAS finalised follow-up audits on implementation of the recommendations made in 2015 through 2017 on the management of grants and procurement under the 3<sup>rd</sup> Programme on Public Health, the 2<sup>nd</sup> Consumer Programme and the promotion of Agricultural Products.

None of the recommendations were classified as critical or very important.

Further to the above audits, IAS closed four of the initial six recommendations on the Health Programme (those on Consumer Programme had been implemented in 2016) and three of the four recommendations on the Promotion of Agricultural products (only the recommendation concerning the improvement of the overall internal control framework and particularly the update of the Chafea guide for payments remains pending, closure scheduled for April 2019). In 2018, Chafea was finalising the implementation of the remaining recommendations. Two of them were put to IAS' review in December 2018, and one is due to be finalised in 2019.

- **ECA audits**

Beginning 2018, The European Court of Auditors conducted the annual audit of the Agency's exercise in the year 2017. ECA made observations, in particular on the following aspects:

- Emphasis of matter 3.42.7.: "The Agency's accounting officer is absent since the end of November 2017. On 13 December 2017, the Agency's Steering Committee has formally appointed an administrator as temporary accounting officer, though, this administrator is deputising the authorising officer by delegation. This contradicts Article 28 of the Agency's financial regulation, which states that the duties of the authorising officer and the accounting officer shall be segregated and mutually incompatible."

The issue was the consequence of the Chafea's accountant being on long term leave from 1/12/2017 until 20/05/2018. To cope with this situation, the Chafea Steering Committee appointed a temporary agent (TA) as acting accountant. During this period the same TA was operational initiating agent (OIA) for one other file and this was against the principle of segregation of duties. As soon as the issue was spotted, Chafea management withdraw the appointment of the TA as acting accountant. In

May 2018, Chafea's accountant resumed her duties and finalized and signed the 2017 accounts. She remained continuously in service until the end of 2018. In order to ensure continuity of its accounting services, in January 2019 Chafea signed a memorandum of understanding with EASME to take over Chafea's accounting duties until the recruitment of a new accounting officer (Ref. Ares(2019)135875 – 10/01/2019). Appointment decision adopted by the Chafea Steering Committee on 14/01/2019 (Ref. Ares(2019)197816 – 14/01/2019). In addition, Chafea is discussing with DG BUDG to transfer accounting responsibilities related to Chafea's administrative budget to DG BUDG services.

Matter 3.42.9: "Observations on Internal control. In 2017, the Agency inadequately documented recruitment procedures. Moreover, the procedures lacked anonymity and did not respect the set deadlines. This may undermine the principles of transparency and of equal treatment of candidates."

This observation concerns one recruitment procedure of 2017. Following the observation from ECA, measures were taken to better frame and document all future recruitment procedures (e.g. audit trail). As a consequence, all recruitment procedures managed during 2018 have been adequately managed as concerns documentation, transparency and equal treatment of candidates thus eliminating any potential weakness on this issue.

- Matter 3.42.10: "Observation on sound financial management and on performance. In 2017, the Agency encountered difficulties in attracting sufficient competition for low and medium value procurement procedures. In each of the procedures audited, the Agency did not receive more than one offer".

This observation concerns one medium value procurement procedure under administrative credits done in late 2017. Following ECA's observation, measures were taken to prevent similar situations. In particular, Chafea took measures in order to guarantee more competition by better specifying services, criteria and adequate timing for bid submission. As a result, for the procedure launched in 2018, Chafea received more than one offer.

- As concerns the ECA observation on the high level of carry over on Title III, the monitoring of budget implementation was reinforced, including the recruitment of a budget officer. As a result the budget carry-over in 2018 decreased by 5%.

Moreover, Chafea provided input into ECA audit of performance under the programmes delegated to Chafea by the parent DGs while the latter are the main audited parties.

- **DG BUDG evaluations**

### **Accounting quality review 2018**

In 2018, under the accounting quality project, Chafea provided to DG BUDG a report in order to indicate potential risks for the accounting identified during the year. This report was finalised in November and did not contain new detected risks. The review incorporated all the recommendations made by DG BUDG in their evaluation of the accounting quality environment.

### **Follow-up of the Evaluation of Accounting Control environment by DG BUDG**

The review conducted by DG BUDG aimed to determine whether the local systems in place at Chafea meet the validation criteria laid down by the Accounting Officer of the Commission and to identify good practices. The exercise was carried out for all Executive Agencies simultaneously. The validation exercise has found that, in overall, the accounting internal control environment at Chafea is of a good quality. Neither critical nor very important issues were raised, the majority of the recommendations aimed at improving the different documents produced in the framework of the accounting quality project. By the fourth quarter of 2018 most recommendations (11 observations out of 13) on accounting were closed.

## **Evaluation of Chafea**

The evaluation of the Agency, covering the operations during the period 2014 to 2016 was conducted by an external service provider contracted by DG SANTE (Chafea Lead Parent DG). The finalised evaluation report was received by Chafea in October 2018. The main conclusion states that the delegation of the programmes to the Agency was justified in terms of cost-savings and value added. The evaluators pointed to positive results in terms of effectiveness and efficiency of Chafea's operations and an overall coherence in the approach for managing its diverse portfolio of programmes. However, the Agency faces some difficulties regarding efficiency due to its small size and its diversified portfolio of programmes. The actual savings of the Agency scenario from 2014 to 2016 were EUR 0,4 million. The report contains five recommendations targeted at Chafea and the Commission.

Chafea, in a close cooperation with the Parent DGs, drafted an action plan and started to address the recommendations that include the review of the Memorandum of Understanding, the adoption of the annual work programmes delegated to the Chafea on a timely basis, the further simplification of the administrative arrangements, the enhancement of Chafea's human resources management, as well as the improvement of the information and transfer of knowledge from the agency to the Commission.

### **2.1.3 Assessment of the effectiveness of the internal control systems**

The Commission has adopted an Internal Control Framework based on international good practice, aimed to ensure the achievement of policy and operational objectives. In addition, as regards financial management, compliance with the internal control framework is a compulsory requirement.

Chafea has put in place the organisational structure and the internal control systems suited to the achievement of the policy and control objectives, according to standards and having due regard to the risks associated with the environment in which it operates.

Chafea management assesses on a continuous basis the effectiveness of the internal control systems, in order to determine whether they work as intended and ensuring that any control weaknesses in the system are detected, analysed and considered for improvement. In addition, management performs specific assessments to ascertain whether the internal control systems and their components are present and functioning. The purpose of these assessments is to provide reasonable assurance that the internal control principles adopted within the internal control framework (ICF) are implemented and functioning, that the assessment findings are evaluated and that any deficiencies are communicated and corrected in a timely manner, with serious matters reported as appropriate.

#### **Risk management**

Chafea has put in place a risk assessment process ensuring an appropriate coverage of its activities and operating environment.

The annual risk assessment exercise took place in October – November 2018. The bottom-up approach was applied and all units participated in the exercise.

The assessment did not discover risks of critical nature. The risks of medium value relate to such aspects as planning, non-availability of staff (including a high staff turnover), omissions in formalisation and documentation of procedures.

ECA identified in its audit several weaknesses that could imply deficiencies in principles 3,4,10 and 12. As described above, Chafea already took the necessary mitigating measures to address these weaknesses prior to the risk assessment exercise. This is why

no further risks in these matters were identified following the risk assessment exercise.

The risk register 2018 was updated and the risk register for 2019 completed according to that. As a result, two risks were downgraded and closed while seven risks were included into the register for 2019: two of them classified as medium and five as low risk. Thus the number of risks introduced into the register by the end of 2018 stayed unchanged: two new risks identified for 2019: one in regard to possible insufficient participation in the calls for grants under the Promotion of Agricultural products, the other concerning the number of late payments.

The risk mitigation action plan for 2019 was compiled and the procedure of the monitoring of its implementation drafted.

### **Exceptions and non-compliance**

In the context of the risk management, the Exception and non-compliance register is maintained. In 2018, 13 cases of exception and non-compliance were reported and recorded in the Agency Register of exceptions and non-compliance events. By their nature the events logged in the register are not only exceptions from regulatory or contractual provisions but also those from the rules and practices that Chafea set internally in the framework of the control strategy.

A considerable part (over 50%) of the events were caused by human errors (resulting from insufficient awareness), as well as by a low awareness of the contractors/beneficiaries about the administrative aspects of the contracts/grant agreements and the fact that these administrative aspects must be handled quickly.

Two events of late amendments were registered in the course of the implementation of a procurement contract and of a grant agreement where the necessary extension of the contract implementation was formalised through an amendment after the expiry of the task duration period indicated in the initial contract. Further measures will be taken to prevent such a posteriori amendments in future, e.g. through more effective coordination with the beneficiaries and closer internal monitoring. The Exception and non-compliance reporting and registration process was simplified and documented. Awareness of all staff about the process was ensured by the publication and alert on the intranet.

Two events of non-compliance concerned a posteriori budgetary commitments for activities in third countries under AGRI Promotion.

In terms of safeguarding EU assets, no information on any financial losses or other material impact caused by the above exception/non-compliance events has reached Chafea until now. Neither any fraudulent background of the events has been identified.

### **Conclusion on the internal control system (ICS)**

Chafea has assessed its internal control system during the reporting year and has concluded that it is present and functioning but some improvements are needed.

The first assessments of the internal control system under the new ICF, was carried out during May and September 2018. To conclude on the functioning of the internal control and its deficiencies, Chafea used the following information sources:

- The managerial supervision scoreboards related to all aspects of the Agency's functioning;
- Self-assessment of state of indicators conducted by the management and internal control correspondents in the units. As many indicators stem from the Staff survey in many cases it was not possible to refer to the numbers, so the qualitative self-assessment was done. In terms of indicators this assessment did not identify significant gaps between with assessments and targets.

- Reports provided in the framework of the managerial supervision process.
- Quarterly reports produced for the Steering Committee.
- Risk assessment results.
- Exceptions and non-compliance events reported to the management and introduced in the register of exceptions and non-compliance events.
- On-going monitoring of the implementation of control and anti-fraud strategies. Implemented actions are highlighted.
- Audit findings and recommendations.
- Results of the implementation of action plans, following audits and evaluations.
- Strengths and weaknesses spontaneously indicated by staff.

All 5 internal control components and 17 principles were evaluated.

All principles were categorised in overall as present and functioning but needing some improvements: e.g. production of reporting scoreboards; weaknesses of internal communication; consolidated documentation of procedures and related tools.

As a result, the overall state of the internal control system was defined as "present and functioning but some improvements are needed".

### **Remedial measures**

A plan of improvements was compiled and activities attributed to the respective teams. The first interim review of the action plan implementation was conducted by the Director, the Head of Unit in charge of Risk management and Internal Control and Internal Control Officer in November 2018 and confirmed the following areas requiring particular attention: (1) consolidation and documentation of procedures in various components of the internal control system; (2) reporting on and consolidation of monitoring and supervision over the implementation of strategies and action plans; (3) internal communication.

During the second semester, a number of activities were conducted to reduce the identified weaknesses, e.g.:

- Within the managerial supervision process various scoreboards were defined and their production started (e.g. a number of scoreboards in support of HR management), presentation and updates were given to the management on the developments of the IT environment (tool for the planning of workload in regard to financial transactions), tools for monitoring payment delays, tools for monitoring actions planned over various aspects of Chafea operating environment.
- According to the adopted managerial supervision procedure the next management review of the action plan implementation and the state of the internal control system will be held in May 2019. A tool for monitoring the implementation of the mitigation measures was designed and its development started.
- Reinforcing the implementation of the learning and development framework, supported by a reorganisation of the HR team.
- As regards to the lack of consolidation of documented procedures, a comprehensive mapping of procedures covering the whole Chafea operating environment was organised; updated / new documents on a number of procedures prepared. A project on compilation of a uniform manual of procedures was procured and the first draft of

the manual is foreseen mid-2019.

- In the area of the internal communication regular meetings of the management with the staff were held; briefings on management meetings held in units; management meeting minutes are published on intranet with a minimum delay.

In 2018, an outsourced project was implemented on Chafea internal communication strategy which resulted in an assessment of Chafea internal communication current status; the mapping of needs; the development of a strategic plan, the development of communication tools, and contribution to re-organisation of Chafea intranet. A project plan of revamping Chafea intranet was drawn up for implementing in 2019.

## 2.1.4 Conclusions as regards assurance

This section reviews the assessment of the elements reported above (in Sections 2.1.1, 2.1.2 and 2.1.3) the sub-conclusions above, and draws conclusions supporting the declaration of assurance and whether it should be qualified with reservations.

During the year the management of the Agency conducts complete and comprehensive assessment of the implementation of the budget delegated to AO(S)D. The implementation is measured by key performance indicators in regard to legality, regularity, effectiveness, cost-effectiveness and sound financial management.

The main areas covered by measurements are revenue and expenditures under operational budget, by programme and in total, and under administrative budget.

### ***Legality and regularity***

Because of the late start of the 2018 ex-post audits of grants and long duration of the 2017 ex-post audits of grants, calculation of residual error was yet impossible based on those latest ex-post audits. Considering the stages of the audit and the availability of data on each of the programme generations (programmes 2008-2013 and programmes 2014-2020) the following approach was applied:

- For programme generation 2008-2013, which is approaching its closure: to include into the calculation of the multiannual average error rate only the results of 2018 ex-post audits presented in those audit reports that are available in their draft versions (1 under Health programme, 0 under Consumer programme). Two reports under the Health Programme under the results of 2017 ex-post audits are still not closed and under further investigations. Other data for the RER calculations are the multi-annual data thus the general approach is consistent with that used in previous years. As only a very low amount of recovery orders could be issued upon these audits in 2018, the error rate is the detected error rate thus the calculation approach is conservative. The resulting average residual error rate amounted to 1.92 % for Health programme and 0.82 % for Consumer programme.
- For the programme generation 2014-2020 detected error rates were calculated on the basis of the results of the 2017 ex-post audit reports and 2018 at first draft stage (1 for Health programme, 2 for Consumer programme and 1 for the Promotion of Agricultural products). These preliminary calculations of the detected error<sup>55</sup> gave the rates of 1.26 % for Health programme, 0.26 % for Consumer programme and 0% for the Promotion of Agricultural products.

In 2019, the audits will be finalised, recovery orders issued, actual RERs calculated and reported.

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<sup>55</sup> Reporting based on available finalised and pre-finalised audits. Final calculations will be presented in AAR 2019

## ***Efficiency and cost-effectiveness***

The rate of the implementation for the delegated budget (commitments level 1 + level 2) remained steadily high, close to 100 %.

The timelines related to provision of information and conclusion of contracts remained in compliance with the provisions of the Financial Regulation.

The timelines for payments were in compliance with the provisions of the Financial Regulation for approximately 97% of individual payments while the average payment times remained well within the legally prescribed time limits.

As one of the measures for preventing delayed payments, in 2018, Chafea developed a strategy for payments of grants which aims at reducing the numbers and duration of checks while safeguarding the reliability of controls.

Taking into account the conclusions of the review of the elements supporting assurance and the expected corrective capacity to be implemented following the ex-post controls, Chafea assesses that the internal control system is sufficiently effective, efficient, robust and reliable.

The audit engagements performed during the year made no critical or very important recommendation and implementation record of the two outstanding important recommendations related to the 2015 IAS audit on the Grants under 2014-2020 Consumer and 2014-2020 Health Programmes managed by Chafea was submitted to IAS for review end-2018.

The exception register indicates through the past three years one repetitive error of delayed amendments the occurrence of which however was caused mainly by the initial lack of skills in using the IT grant management tools and lowered drastically within two recent years and which bears no significant financial or reputational risk.

Neither were further elements identified that could seriously damage the finances managed by the Agency or its reputation.

Therefore, the identified weaknesses are not likely to have a bearing on the content of the annual declaration of assurance and thus, it is possible to conclude that the internal control system (including the mitigation measures that the Agency is putting in place to eliminate the residual risks) provides sufficient assurance with regards to the achievement of the other internal control objectives and no reservation to the declaration is necessary.

## **Overall Conclusion**

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Executive Director, in her capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

## **2.1.5 Declaration of Assurance**

Following the measures taken by Chafea to implement the observation of ECA audits (see section 2.1.2), the Agency had introduced the system of managerial supervision and monitoring of operational processes in view to draw lessons from the weaknesses detected by the audit. In particular, the consolidated monitoring tool on follow up of all audits was created, the timetable of the assessment of the state of the control was introduced, and responsible actors were duly informed to prevent the risk of repetition.

# DECLARATION OF ASSURANCE

*I, the undersigned,*

***Executive Director of the Consumer, Health, Agriculture and Food Executive Agency***

***In my capacity as authorising officer for the operating (administrative) budget and authorising officer by delegation for the operational budget***

***Declare that the information contained in this report gives a true and fair view<sup>56</sup>.***

***State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.***

***This reasonable assurance is based on my own judgement, on the information at my disposal, such as the results of the self-assessment, ex-post controls, the limited conclusion of the Internal Auditor on the state of control for years prior to the year of this declaration, and on lesson learnt from the reports of the Court of Auditors.***

***Confirm that I am not aware of anything not reported here which could harm the interests of the Executive Agency or those of the Commission.***

***Place Luxemburg, .. March 2018***

.....

***(signature)***

***Veronique Wasbauer***

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<sup>56</sup> True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.

## 2.2 Other organisational management dimensions

This section covers also the internal organisation components. For additional information please refer to Annex 2.

### 2.2.1 Human resource management

Early March 2018, Chafea finalised its reorganisation launched in 2016 with the aim of making the agency more efficient, clarifying responsibilities, and adapting to a changed programme environment. In line with this reorganisation, the job descriptions of all staff members were updated and their responsibilities clarified within the new organisation and all the Head of Units recruited to their position.

During 2018, Chafea continued implementing its HR strategy drawn up in 2016 based on the results of the staff survey that same year. The strategy intends to modernise the Agency's HR management and in particular contribute to improving staff wellbeing and work environment.

The recent external evaluation of the operations of Chafea also highlighted the importance for the Agency to increase the staff engagement and satisfaction. In response, an action plan, divided into 5 major strands was put in place:

- Career Development and Talent management;
- Development of Staff competency;
- Performance and Excellence;
- Wellbeing@Work: healthy people, healthy organisation;
- Collaborative skills and corporate culture.

Out of the 44 actions listed in this action plan, 25 have been implemented by the end of 2018 and most of the other actions are well advanced and should be finalised in 2019.

On 31/12/2018, 93 % of the Chafea positions were occupied (66 out of the 71 positions).

Chafea continued to create better conditions for teleworking. In 2018, >35 % of the Chafea staff was teleworking one or two days/week.

Chafea initiated several actions in 2018 to increase its attractiveness and to develop the Agency as "a Better Place to Work":

- Benefitting from the positive effects of the new general provisions for implementing Article 79(2) of the Conditions of Employment of Other Servants of the European Union, governing the conditions of employment of contract staff employed by the Commission under the terms of Articles 3a and 3b. Those were adopted by the Agency's Steering Committee, to be applicable in Chafea by analogy. They should contribute to increase the attractiveness of Chafea, because Chafea can provide an unlimited duration contract to its competent colleagues after 2 years instead of 3 years previously;
- Following the internal policy established in 2017 to encourage staff mobility, several colleagues changed their roles and functions in 2018. In total, over the last 2 years 12 % of its staff changed their roles/functions in Chafea;
- Offering to staff better possibilities for career development and progression. In 2018, 11% of Chafea staff members were promoted internally through open competitions. Furthermore, Chafea invited 16% of its staff members to be tested by EPSO to be eligible, in case of success, to participate to selection for higher grade positions;
- Concluding in 2018 a workload assessment survey that will enable Chafea to allocate its staff and distribute its workload more efficiently;

- Finalising the Agency's new strategy for Learning and Development. Training proposals are discussed with the members of the Learning and Development Committee. This helps addressing more efficiently staff's training needs;
- Using HR Scoreboards to monitor HR matters such as age pyramids, holiday and sick leaves, etc.) for regular discussion with the Agency's management.

Other HR initiatives included the initiation of an HR Manual of procedures, the welcome scheme for newcomers, the coordination of task-oriented working groups and cross-cutting competence hubs, as well as short-term on-the-job training and job-shadowing with parent DGs.

## 2.2.2 Information management aspects

The general objectives for 2018 regarding information management (manage IT architecture, support hardware and software, comply with EC policies, support the Programmes, ensure security, provide user support and training) were achieved.

The strategic projects as defined in the 2018 work programme were successfully implemented. In particular:

- The Agri Reporting Tool was completed as planned and it is in use by DG AGRI staff and the Chafea Agri Unit;
- The project Planning Tool for activities (for easily planning and monitoring the main activities, either at Agency or Unit level, with the possibility of checking immediately the impact on the staff workload) was put in production. The tool will be further improved with the completion of workload estimations and automatic retrieval of information related to payments;
- The Programme Database (review of the Project Database for improving the content and extend it to all Agency's Programmes using new technologies) was moved to the second phase of development with the extension to the data related to Direct Grant Agreements and Calls for Tenders. The new version of this database is currently under test prior to be released.
- The BTSF Academy project created the opportunity to explore the cloud solutions with the collaboration with DIGIT. The IT Team provided support on technical matters and the recruitment of IT consultants working on the project (through DIGIT Framework Contracts).

In the framework of the e-Procurement project launched by the Commission, Chafea completed the on-boarding of the e-Submission tool. The first Call for Tenders based on the e-Submission tool was launched in December.

Chafea participated actively to the several corporate Working Groups linked to the e-Grants, e-Procurement and SEDIA projects.

The administrative matters linked to IT (budget, inventory, support, security, etc.) were managed by the IT Team as stated by the objectives of the Team.

### Data protection

In 2018, CHAFEA's DPO adopted an Action Plan on the new Data Protection Regulation (Regulation (EU) 2018/1725), having as a basis the Commission's Action Plan on data protection, with the scope to inform the Authorizing Officer and the management of CHAFEA about the new regulation and to suggest some next steps to be taken in order to comply with the new requirements applicable to EU institutions, bodies and agencies.

The major steps undertaken in 2018, to be finalized early 2019, are:

- Establishment of an inventory of all data processing operations within CHAFEA;
- Survey and interviews: a risk assessment of the data held within CHAFEA is being done by each unit in collaboration with the DPO (backup);
- Data controllers' preparedness: the Head of Units are committed to attend to the next EDPS' trainings on accountability;
- Appropriate information to the staff was provided and made available on CHAFEA's Intranet;
- IT checks on Regulation compatibility for software systems: the IT team started working on the development of a roadmap on how to implement the data protection by design and by default principles.

### **2.2.3 External communication activities**

Chafea communication outcomes feed into the wider communication strategy of its parent DGs. For communication and dissemination activities Chafea closely cooperate with its parent DGs and with them shares the responsibility to be appreciated by stakeholder as source of valuable and reliable information.

Chafea communication and dissemination activities are primarily oriented to communicating all the information necessary to, and resulting from, the execution of the programmes. Chafea communication activities address both programmes stakeholders and multipliers, although paying attention to remain accessible to all EU citizens.

Chafea external communication ranges from programmes / projects promotion, over to dissemination of projects outcomes and results, including call publicity, information & promotion, guidance, cross-border networking, E-submission and E-management of outputs. Chafea's communication aims at expanding the outreach of the programmes to new potential applicants.

At corporate level, in 2018 Chafea reorganised its external website in order to better meet the corporate requirements and also prepared the grounds to ensure that as from 2019 performance indicators will be systematically used for all communication actions.

#### **HEALTH PROGRAMME**

In alignment with the dissemination strategy for the 3<sup>rd</sup> Health Programme (June 2017) and the annual dissemination plan, Chafea followed in its activities the key principle of developing synergies with activities organised by DG SANTE, International Organisations and EU Countries.

The focus of Chafea dissemination activities was on key communication priorities indicated by DG SANTE, namely refugees' and migrants' health, European Reference Networks for rare diseases, fight against Anti – Microbial Resistance, Health Technology Assessment, Crisis preparedness in Health and chronic diseases.

To do so, 20 dissemination activities were carried out, attended by more than 3000 participants, such as two conferences, 11 workshops and exhibition stands at high level conferences during the EU Council Presidencies.

Other dissemination actions were:

- The publication of over 100 news items (including scientific articles), up from 58 in 2017 and 25 in 2016, on the web and/or on social media to widely inform stakeholders about Health Programme' activities and results;
- Chafea's participation in the Europe Day in Luxembourg on 9 May, which was organised in close cooperation with SANTE C1 Unit.

#### BETTER TRAINING FOR SAFER FOOD

In 2018, Chafea organised under the BTSF initiative three Info Days in Luxembourg. General information about the content of the published Calls for Tenders under the Financing Decision 2018 was presented to the potential bidders by Chafea and DG SANTE. The presentations and the questions and answers were posted on the Chafea website to secure the equal access of the information to all the potential tenderers.

Chafea published in 2018 the BTSF Annual Reports of 2016 and 2017 highlighting and presenting the yearly priorities, achievements and detailed information about the training activities implemented under the BTSF initiative in the Member States and worldwide. The reports are translated into French, Spanish and German and will be distributed to National Contact Points, relevant institutions and services and are available for the public on the Chafea website.

The agency organised around 160 training sessions in Member States and worldwide to promote the EU legislation on the food and feed law, animal health and welfare and plant health rules. During the implementation of the training sessions the contractors produced material on the relevant topics and followed dissemination methods and the train-the-trainer approach in order to disseminate the knowledge gained by the participants during the activities to their colleagues after their arrival back home.

Chafea, during 2018, launched and worked on the further development of the BTSF Academy, which is a learning-management-system which hosts 10 e-learning modules in 5 languages each. The participation of the e-learning modules reached over 3500 participants in 2018 from 47 countries. For the future, the further development of the BTSF Academy shall create a one-stop shop for all BTSF activities between the different stakeholders.

#### PROMOTION OF AGRICULTURAL PRODUCTS

Chafea organised an info day in Brussels on 31 January 2018 with good participation across product sectors and Member States. 230 participants were present on site. 64 bilateral meetings between potential applicants took place during the match-making meetings organised during the info day. The Agency also participated in 9 info days organised by the national authorities managing simple programmes in Member States. Moreover, a seminar presenting the funding opportunities was organised at SIAL trade fair in Paris in October 2018, along with a matchmaking session for potential applicants

The building of technical support services which started in 2016 continued in 2018 and contributed to efforts to facilitate the participation of stakeholders in the information and promotion policy. One webinar was delivered during the year targeting mainly potential applicants and grant beneficiaries to facilitate preparation of grant applications and the implementation of on-going projects.

The portal for technical support services was further promoted via direct mailing in the first quarter of the year. Statistics showed on average around 3200 unique visitors each month and 1200 registered users at the end of the year. The majority of the registered users signed up to receive the newsletter. Two newsletters were produced/circulated in 2018.

Several events were organised in third countries during 2018: 65 business delegates from 23 Member States participated in the high level mission to China in May 2018. EU

pavilions were organised at SIAL China trade fair in May 2018 where the EU was presented as "Region of Honour", and at the CIIE trade fair in Shanghai in November 2018. Organisation of 2 SPS promotional seminars in South Korea and Iran

Also as part of technical support services, market entry handbooks for China and United Arab Emirates were produced and published on Chafea portal with the aim of helping potential grant beneficiaries and in general European SMEs by providing up to date market research and clear guidance on how to approach third countries' markets. Nine market reports currently available on the portal are downloaded approximately 100 times each month.

Finally, communication campaigns were organised in Canada, GCC region, Japan and China.

## CONSUMERS PROGRAMME

Through several meetings, workshops and actions, Chafea promoted in collaboration with the Parent DG the Consumer Programme in Europe.

Actions were implemented to promote consumer education among secondary schools (17 projects by classes from 14 countries).

Two workshops of Consumer Protection Cooperation Network were organised to support and reinforce the cooperation between consumer enforcement authorities and other stakeholders.

In addition, as concerns product safety Chafea contributed to the maintenance of a platform to improve the Member States' exchange of information on dangerous products.

As concerns the Enforcement Academy, the E-learning platform for the enforcement authorities of Consumer Protection Cooperation (CPC) and Consumer Product Safety (CSN) networks, initiatives were implemented focused on providing training in internet investigations. Five e-learning modules have been developed within 2018 and complemented by three training sessions organised in Brussels. The officials have an opportunity to follow online knowledge webinars (6), coaching sessions (10) and online tutorials (5). In addition, the CPC authorities meet two times per year to exchange best practices and share information on emerging trends.

To increase the visibility of the ECC-Net webpage on the DG JUST website, selected content was translated into 23 languages.

Finally, Consumer Protection Cooperation meetings were organised in Lithuania, Poland and Slovakia to develop ideas and promote for joint actions.