



2019

Annual Activity Report

**Consumers, Health,
Agriculture and Food
Executive Agency
(CHAFEA)**



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CHAFEA IN BRIEF

Agency

The "Consumers, Health, Agriculture and Food Executive Agency" (hereinafter Chafea or the Agency), is the smallest of the six executive agencies created for the management of EU programmes, leaving the policy role to the Commission. It started in 2005 in Luxembourg as the Executive Agency for Public Health¹. The Agency's mandate was subsequently extended by the Commission in 2008 and 2013² to cover a diverse portfolio of programmes contributing to Commission priorities related to Jobs, growth and investment, Internal market, Digital single market and Trade. With its 76 staff members and in close cooperation with the responsible Directorates General (so called parent DGs) of the Commission, Chafea implements:

Programmes

Four 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 **Consumers 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);

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).

Vision, Mission, Values

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

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, making sure that EU funding reaches the right people, is properly spent, has concrete impact to the life of EU citizens, and contributes to the achievement of the policy objectives.

¹ Commission Decision 2004/858/EC of 15 December 2004.

² Commission decision 2013/770/EU of 17 December 2013.

Key budget-for-results outputs

CONSUMER PROGRAMME

-
Chargers, batteries, soft filled toys, personal transporters, child bicycle seats, hundreds of products tested for ensuring Consumer safety

HEALTH PROGRAMME

-
A safer single market for medical devices: Joint Action and a communication campaign to reinforce the inspection capacity of national authorities and to increase stakeholders' information

BETTER TRAINING FOR SAFER FOOD

-
7 training events on African Swine Fever organised in 7 different countries affected by the animal disease

PROMOTION OF AGRICULTURAL PRODUCTS

-
Over 20.000 professionals outside the EU have been made aware and increased their knowledge of the characteristics of EU food products and the relevant production standards

CORPORATE

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

EU budget focussed on results

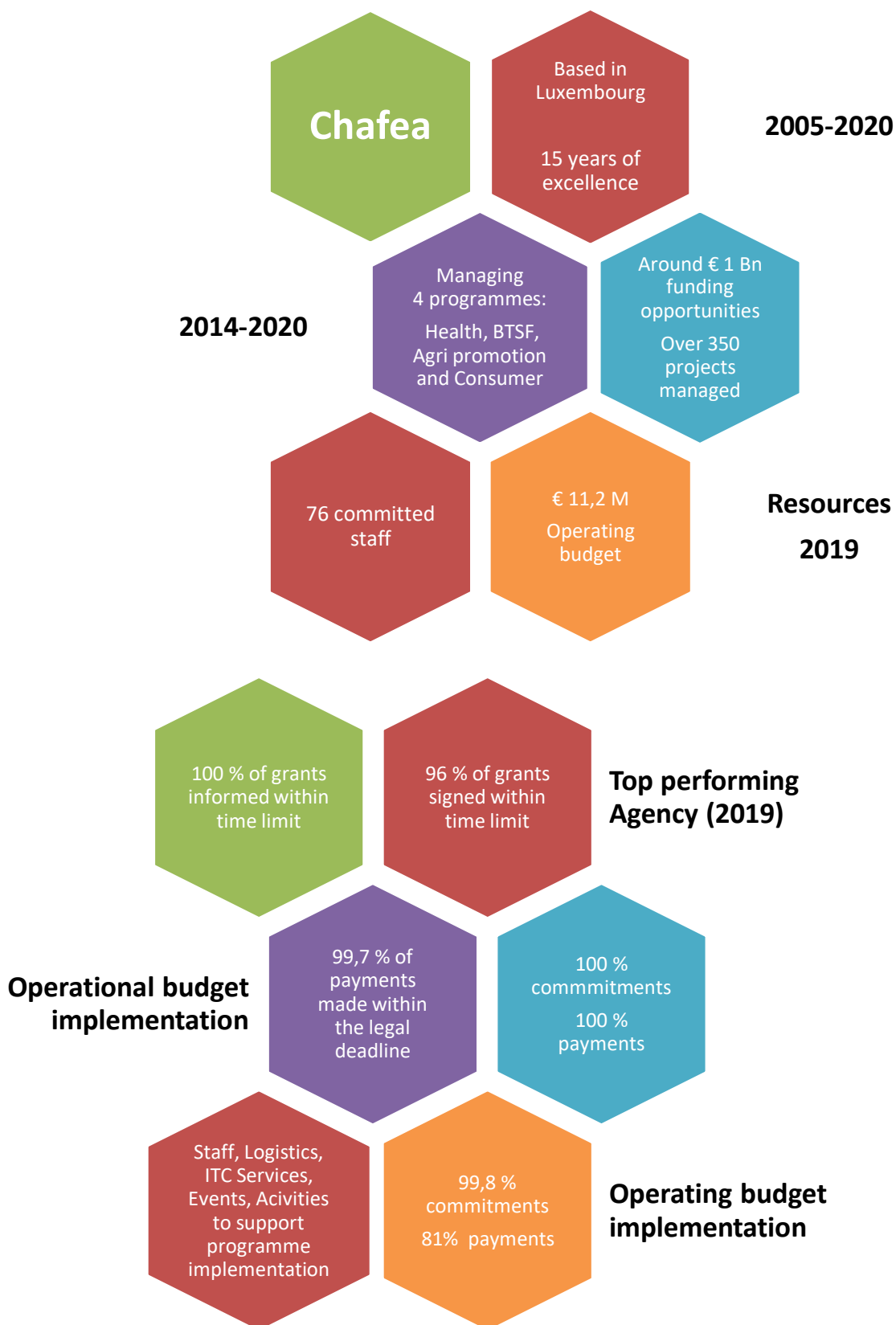
Better assessment and communication at project level

Streamlining business process and procedures to achieve greater simplification and efficiency

A best place to work

Build a modern and attractive organisation where people can develop and act at the best of their abilities

Chafea in numbers



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 11.2 million in 2019) and the budget devoted to the implementation of the programmes through grants and procurement (EUR 186 million in commitment appropriations and 115 million in payment appropriations in 2019).

Chafea collaborates with a variety of bodies, such as public administrations, universities, international and non-governmental organisations, consortia and firms which implement actions supported by the above programmes and contribute to EU objectives.

As for its governance, Chafea works under supervision of a Steering Committee. The transactions within its administrative budget are annually scrutinised by the European Court of Auditors. The operating processes and control system are audited by the Internal Audit Service of the Commission. The programmes managed are subject to evaluation by the Commission, the last performed in 2018 and covering results achieved during the period 2014-2016.

Chafea actively brings EU funding to dynamic and innovative projects in line with the Commission's general objectives and the DG's specific objectives, promotes the participation to the programmes and performs the daily management of related projects and actions in line with legal and financial procedures. It monitors and reports on outcomes, contribute to the dissemination of the programmes results and liaises with stakeholders and partners.

In 2019, the main line remained to tailor Chafea organisation and operations to the Commission's move towards **better performance and budget for results**. Special attention has been devoted to **evaluation and dissemination of project results**, with a better identification of indicators on communication activities and to the **transfer of knowledge and feedback to policy DGs**. Significant work has been dedicated to the **documentation and streamlining of the internal processes of procedures** and to the initiatives towards the **simplification of the programmes management**.

A customer-oriented approach is at the core of Chafea strategy. The last assessment of the operation of Chafea 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 further strengthened during 2019 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/) which is progressively consolidated and improved.

In 2019, with the aim to be **a better place to work** and a **modern and attractive organisation** where colleagues can grow, develop and act to the best of their abilities", Chafea has continued to invest in the development of its human resources and in improving the work environment stemming from the current HR strategy, taking into account the results of 2018 staff satisfaction survey and in the spirit of the Commission-wide "FitAtWork" Initiative. Several initiatives have been brought in 2019 to strengthen the working environment, to support internal communication, staff development and engagement: i.e. development of the internal manual of procedures; targeted training; design of a new Intranet, new IT and communication systems.

EXECUTIVE SUMMARY

This Annual Activity Report is a management report of the Director of the Consumers, Health, Agriculture and Food Executive Agency (Chafea) to the College of Commissioners. Annual activity reports are the main instrument of management accountability within the Commission and constitutes the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties³.

a) Implementation of the Agency's Annual Work Programme – Highlights of the year

Health Programme

Chafea was tasked by the Commission to implement the [annual work programme \(AWP\) 2019](#) of the 3rd Health Programme, published on 29 March 2019.

Out of the 20 procurement procedures managed by Chafea in 2019, we can flag the service contracts signed to support the EU legislation on Tobacco Products, related to the assessment of characterising flavours, as well as to the functioning of the tobacco tracking and training system. In the area of vaccination, two calls have been launched on options for physical stockpiling of vaccines and on options and testing for an EU vaccination card.

With the aim to identify ways to enhance the cross-border exchange of health data in the EU, in line with the Commission's priority for an "EU health data space", Chafea concluded a service contract to map, analyse and assess EU Member States' rules governing the processing of health data.

In 2019 Chafea signed 11 service contracts (including 3 initiated in 2018). 14 additional tenders have been published or prepared for finalisation of the procedures in 2020.

As for the EU funding through grants, an agreement was signed with the OECD and the European Observatory on Health Systems and Policies concerning the next "State of Health in the EU" cycle, a Commission flagship initiative. The results of the previous cycle were published in November 2019.

Chafea carried out other activities aimed at communicating and promoting the results of the health programme, focusing on the key communication priorities indicated by DG SANTE such as vaccination, European Reference Networks for rare diseases, fighting against Anti-microbial Resistance, Health Technology Assessment, and digital health.

Finally, Chafea concluded several activities related to the co-funding of:

(a) coordination activities and registries of the [European Reference Networks \(ERNs\)](#) for rare diseases; (b) non-governmental organisations contributing to EU health objectives; (c) networking of national authorities for transfer of best practices; (d) cooperation with international organisations.

The table below provides an overview of grants managed by Chafea in 2019.

Health Programme 2014-2020 2019 Chafea Work Programme		
Health Programme 2014-2020 2019 Chafea Work Programme	Proposals submitted	Proposals selected for funding
ERN patient registries and antimicrobial resistance – (AMR)	23 actions	20 (19 ERN patient registries & 1 AMR project)

³ Article 17(1) of the Treaty on European Union.

Support to the functioning of NGO or networks	15	14
Cooperation with International Organizations	6 (4 from AWP 2019 and 2 from AWP 2018)	5 signed in 2019 (+1 to be signed)
Joint actions (MS)	3 (2 from AWP 2019 & 1 from AWP 2018)	1 signed in 2018 ⁴
TOTAL	47	40

Chafea carried out other activities aimed at communicating and promoting the results of the health programme, focusing on key priorities such as vaccination, European Reference Networks for rare diseases, fighting against Anti-microbial Resistance, Health Technology Assessment, and digital health. In 2019, Chafea carried out a review of results achieved by supporting the functioning of NGOs, with the assistance of external experts. This assessment will feed the decision making for the future activities.

Better Training for Safer Food

Better Training for Safer Food (BTSF) is the Commission Initiative providing training courses to officials of EU Countries and non-EU countries on EU food safety, animal health and welfare, and plant health rules.

These courses aim to secure and enhance a high standard of consumer protection and animal health and welfare and plant health. Also, following the "train-the-trainer approach" it improves and harmonises official controls in EU countries to create the conditions for a level playing field for food businesses while contributing to EU priority on farm to fork. Moreover, BTSF trainings contributes to a fair trade with non-EU countries and harmonise the control procedures between EU and non-EU countries.

In 2019, Chafea managed around 50 different trainings subjects covering a very broad spectrum of the EU legislation in food safety area. 173 training courses were organised, with an average duration of 4 days each and attended by more than 5000 participants. Participants evaluated these trainings concerning their content, their usefulness, tutor performance, quality of the services and organisation. The overall average score given by the participants per contract was over 4.5 points out of 5.

In particular, BTSF initiative contributed to assist EU countries in combating outbreaks of African Swine Fever, which currently affects 10 EU countries and threatens all the others, and for which the EU has made available more than €100 million. 2 workshops were organised in Luxembourg and Croatia with 72 participants from 17 countries. Moreover, 7 training courses were organised in 7 different countries affected by this disease to train control staff to fight against this disease.

Specific trainings for EU Member-State officials were organised in Grange (Ireland), in cooperation with DG SANTE, focussed on strengthening impact of Union overview audits, national experts' assistance for Commission audit and inspection teams, identification of endocrine disruptors and new legislation on official controls.

Chafea has continued providing 10 e-learning modules in 5 languages via the BTSF Academy learning management system. In 2019, more than 4900 officials from EU and worldwide countries participated in these online trainings. The development of the BTSF Academy continues in close cooperation with DG SANTE and other Commission services in order to ease the further dissemination of the face-to-face trainings (workshops, seminars etc.) and the e-learning modules and to move towards a "blended learning model".

⁴ 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).

Promotion of Agricultural products

2019 was the fourth 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 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. "Simple" programmes are submitted to and evaluated by Chafea, and managed by the competent national authorities under shared management.

In this context, two calls for proposals were published in January 2019 announcing 11 different priority topics. The highest budget was allocated to the topics of the simple call targeting various geographical areas in third countries, as well as to the multi call topics dedicated to promotion in the internal market and in third countries. With a total of 144 proposals from 16 Member States, both calls were over-subscribed⁵.

56 simple programmes with participants from 14 Member States and with total EU co-financing of EUR 98,715,631 have been proposed to the Commission services for co-financing, and 25 multi proposals with total EU co-financing of EUR 74,375,475 were awarded. Participants from 16 Member States will implement the multi programmes. 78% of the budget of the simple call is dedicated to programmes targeting 34 different third countries, the largest 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.

37 business delegates from 17 Member States participated in the high level mission to United Arab Emirates in February 2019, and 61 business delegates from 22 Member States participated in the high level mission to Japan in May 2019. EU pavilions were organised at the following trade fairs: Gulfood (Dubai, February 21019), Foodex (Tokyo, March 2019), and Alimentaria (Guadalajara, March 2019).

With the aim of improving for market access for EU agri-food producers and exporters, Quality/SPS Sanitary and Phyto-Sanitary) promotional seminars were organised in Mexico (Mexico City, July 2019), India (New Delhi, October indications was 2019) and Colombia (Bogota, December 2019), while a seminar on Geographical organised in Singapore (July 2019).

Communication campaigns in Canada, Gulf Cooperation Council (GCC) countries, Japan and China were on-going during 2019, while preparatory steps were carried out a communication campaign in Mexico which is planned to be launched in spring 2020. In the context of those campaigns, a multitude of seminars for the business-to-business target, tasting events for consumers, web and social media activities were organised.

⁵ Chafea received more applications than the budget available, however some of those applications were ineligible or of poor quality, therefore there was not a sufficient number of good proposals to consume the whole multi budget.

Promotion of Agricultural products - 2019 Chafea Work Programme	Proposals submitted	Proposals selected for funding
Grants for multi programmes	35	25
Grants for simple programmes	109	56 ⁶
TOTAL	144	81

Consumer Programme

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.

In order to contribute to these objectives, during 2019, Chafea was implementing grant and procurement actions planned under the 2019 Consumer AWP, together with continued implementation of the ongoing actions under the previous work programmes.

In the context of the 2019 Consumer Annual Work Programme, the Chafea implemented the following grant procedures, in order to support:

Consumer Programme 2014-2020 2019 Work Programme	Proposals submitted	Proposals selected for funding
The functioning of Union-level consumer organisations representing consumer interests	1	1
The functioning of the European Consumer Centres	30	30
The co-operation between national authorities responsible for the enforcement of the consumer protection laws (CPC)	3	3
Joint actions with Member States to support access to alternative dispute resolution mechanisms for consumers	29	22
The Exchange of Officials in the context of Consumer Protection Cooperation	55	55
TOTAL	118	111

As concerns procurements, Chafea launched procedures for the conclusion of a Framework contract for Studies and evaluations in the field of behavioural economics as well as for the provision of actions to extend the availability and improve the quality of debt-advice services for European households.

Contracts were signed to perform market studies, to develop coordinated activities by

⁶ Selected by Commission Implementing Decision C(2019)7432 of 21.10.2019 on the selection of the simple programmes concerning promotion of agricultural products for 2019 under Regulation (EU) No 1144/2014 of the European Parliament and of the Council.

national authorities on market surveillance for dangerous products across the EU⁷, to organise workshops on Consumer Protection Cooperation and the organisation of events such as the Alternative Dispute Resolution (ADR) Assembly and the Consumer summit 2020. One other contract was signed for enhancing consumer education and awareness via educational videos.

b) Key Performance Indicators (KPIs)

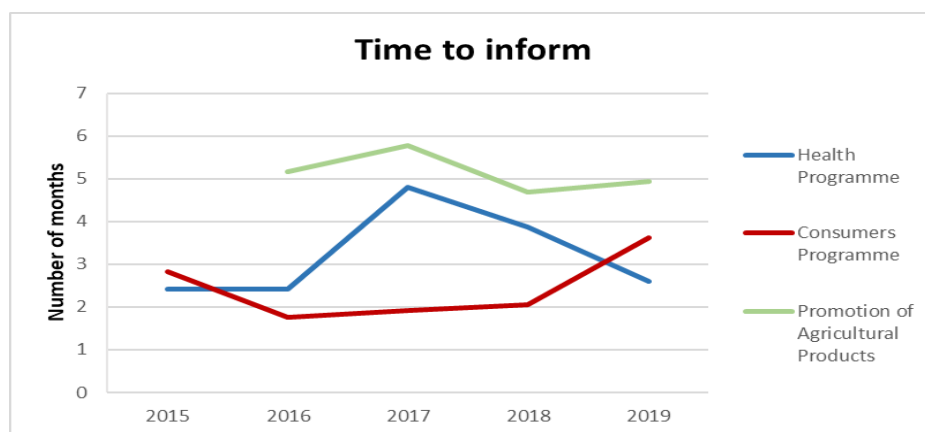
The appropriations of the EU spending programmes entrusted to Chafea shall be used in line with the EU Financial Regulation (FR) and notably with the principle of sound financial management (i.e. observe the principles of economy, efficiency and effectiveness) and performance. The key performance indicators, 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 3.5 months in 2019, which is far below the time limit set by the Financial Regulation and slightly better compared to results in 2018 (3.6 months). An all-round 100% of applicants informed on time⁸.

Average Time to Inform in months, 2015 to 2019



Time to inform 2019		
Public Health Programme (HP): average 2.6 months 100% of applicants informed within legal deadline	Consumers Programme (CP): average 3.6 months 100% of applicants informed within legal deadline	Promotion of Agricultural Products (AGRI): average 4.9 months 100% of applicants informed within legal deadline

⁷ Directive 2001/95/EC of the European Parliament and of the Council of 3.12.2001 on general product safety (GPSD), including support to the exchanges of EU Member States and EFTA/EEA enforcement officials in the area of consumer safety (CASP).

⁸ The longer TTI for the Consumers programme with respect to previous years (still within the legal deadline) has been mainly the consequence of the early publishing of the calls in 2019 in comparison to the previous years and a planning aiming at avoiding opening the grant agreement preparation (GAP) phase during summer period, when the applicants are mostly not available. This approach will be streamlined in the future in view to stabilise or improve the TTI. The value of the TTI for 2017 for the Health programme and the Consumer programme slightly diverge from the ones reported in AAR 2018. This is due to a refinement of the calculations.

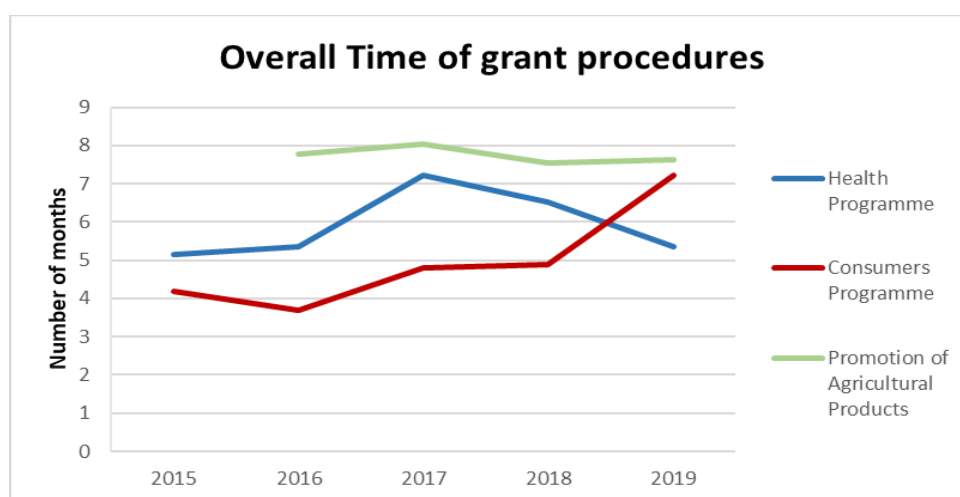
2. Time to Grant (TTG)

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 decreased in 2019 for the Health programme, while minimal variations are observed for Promotion of agricultural products. The Consumers programme experienced an increase in the TTG, while over 90% of the payments remained under the legal limits⁹. In detail, the average TTG was 5.4 months for the Health programme, 7.2 months for the Consumers programme and 7.6 months for the Promotion of agricultural products.

On average Chafea signed the grants from the date of submission of the proposals within 6.5 months in 2019. 96% of grants have been signed within the legal deadline.

Average Time to Grant in months, 2015 to 2019¹⁰



Time to grant 2019		
Public Health Programme (HP): average 5.4 months	Consumers Programme (CP): average 7.2 months	Promotion of Agricultural Product (AGRI): average 7.6 months
98% of grants signed within legal deadline	91% of grants signed within legal deadline	100% of grants signed within legal deadline

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.

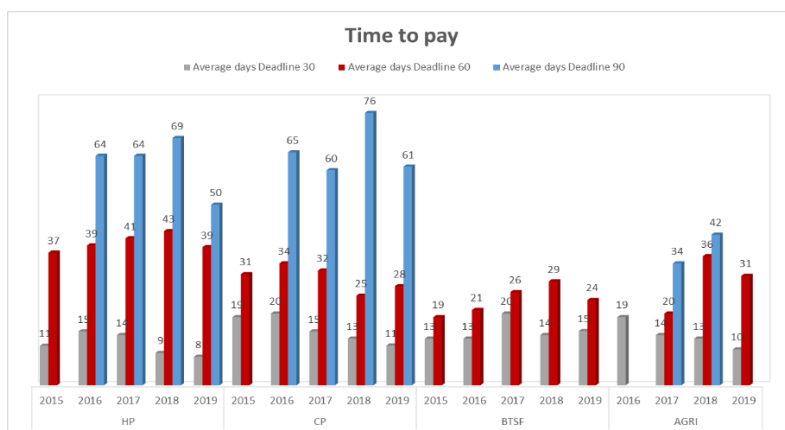
⁹ The increase in the TTG for the Consumers programme was mainly due to a complex grant preparation process related to a grant procedure (that was in turn simplified for the beneficiaries in the submission phase) and to some issues encountered with the IT tool in the correct management of a number of applicants. As these issues encountered were solved, the TTG is expected to stabilise or improve.

¹⁰ The value of the TTG for 2017 for the Health programme and the Consumer programme slightly diverge from the ones reported in AAR 2018. This is due to a refinement of the calculations.

In 2019, the average number of days used for the execution of payments under operational programmes has shown a significant improvement. It was 10 days regarding payments with 30 days deadline, 30 days regarding payments with 60 days deadline and 54 days regarding payments with 90 days deadline. Overall, 99.7 % of all operational payments and 99.9% of administrative payments were executed on time¹¹.

The percentage of late payments calculated on the total number of payments executed by the Agency in 2019 is only 0.2 %. It is important to note that the materiality was very low, as the amount of late payment interests was EUR 0 for the administrative credits and only EUR 312.89 for the operational credits. This result indicates a further improvement compared to previous years and the positive impact of the actions undertaken in 2018 and 2019 by the Agency to closely monitor all payment procedures.

Average Time to pay in days, 2015 - 2019

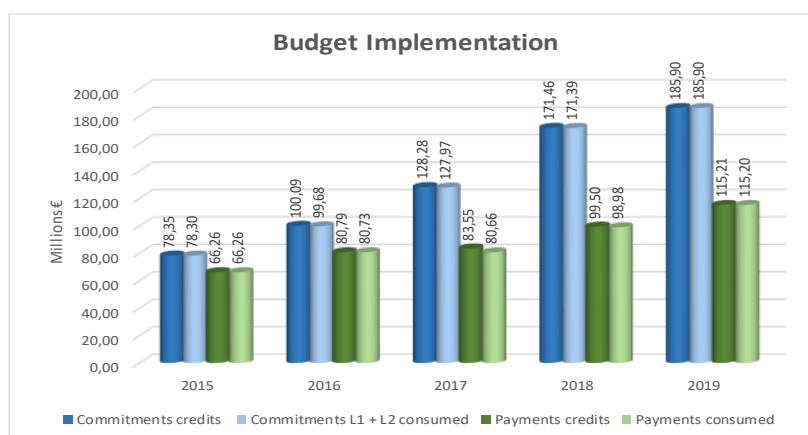


4. Operational Budget Implementation (commitment and payment appropriations)

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.

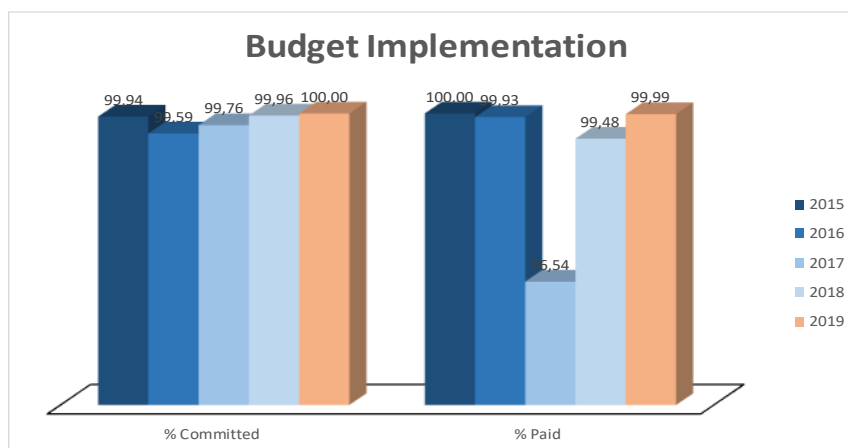
The graph below presents the budget implementation dynamic from 2015 through 2019. During this period the percentage of implementation was maintained stable (up to or close to 100%) despite the sharp increase of the budget implemented.

Operational budget implementation 2015 - 2019 expressed in values



¹¹ Detailed statistics on Time to pay for each programme and type are included in section 2.1 (Efficiency).

Operational budget implementation 2015 – 2019 expressed in percentage



Although Chafea shows an implementation rate of the 2019 operational budget close to 100% for all the programmes, the level of individualization of commitments (signature of grants and contracts) is relatively low for the Health Programme (27 % of the budget delegated to the agency) and BTSF (31%). 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 84.4% and 77.9%. 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 improve the trend in 2020.

	Health programme	Consumers programme	BTSF	Agri Promotion	Total
Commitments Credits	47,590,110.24	19,211,336.52	18,000,000.00	101,100,000.00	185,901,446.76
Commitments consumed (L1+L2)	47,590,110.24	19,211,336.52	18,000,000.00	101,100,000.00	185,901,446.76
Commitments consumed L2	12,728,692.47	14,968,180.05	5,512,799.00	85,355,629.70	118,565,301.19
Payment credits	46,500,592.62	14,485,341.59	12,842,718.70	41,377,706.77	115,211,970.29
Payment consumed	46,500,592.62	14,485,547.79	12,828,104.86	41,377,706.77	115,197,356.45

5. Residual error rate (ex-post controls)¹²

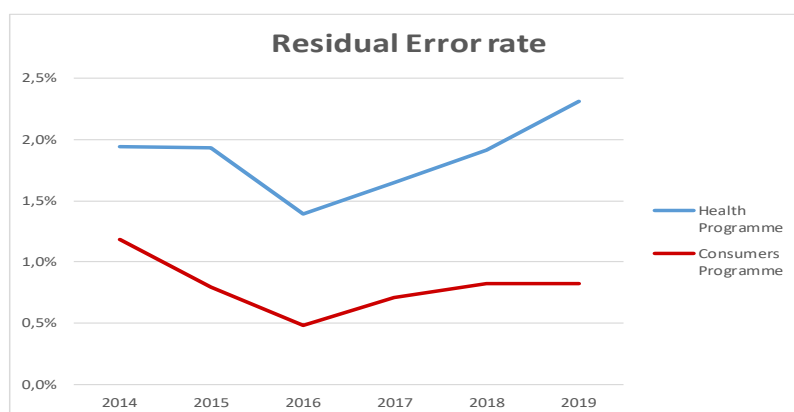
The amount of the grant shall not become final until after the authorising officer responsible has approved the final reports and accounts, without prejudice to subsequent checks by the institution. Residual error rate reflects remaining errors in the final payments under implemented grant agreements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

The residual error rate in 2019 amounts to 0.82 % for the Consumers programme,

¹² The European Court of Auditors in its 2018 Annual Report and its review of the Commission's ex-post audits observed that the Commission's methodology for calculating the error rate leads to an understatement of the error rate the extent of which cannot be quantified. As a result, Chafea will adapt its methodology for the calculation of the error rate for the programmes managed in line with the Court's observation starting with the implementation of the 2020 ex-post campaign. See Annex 4, Section 4.3 for further details.

2.31% for the Health programme and 0.62 % for the Agri promotion¹³.

Residual error rate over the period 2014 – 2019



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 Stella Kyriakides, responsible for the Health and Food Safety

¹³ For the Consumers and Health programmes, these are the value for the 2008 – 2013 generation of programmes. Error rates are lower for the 2014-2020 generation of the same programmes. As concerns the Health programme, for which the materiality threshold was exceeded in 2019, no reservation is made in view of the application of the *de minimis* rule. For the Agri Promotion the value indicated refers only to the first final payments made in 2019. See Annex 4 for more details on materiality assessment.

portfolio, to Commissioner Didier Reynders, responsible for Justice and Consumers portfolio, Commissioner Janusz Wojciechowski, responsible for the Agriculture portfolio and Commissioner Thierry Breton, responsible for the Internal Market.

1. IMPLEMENTATION OF THE AGENCY'S ANNUAL WORK PROGRAMME – HIGHLIGHTS OF THE YEAR¹⁴

1.1 Health programme

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

Tobacco control

Several actions were carried out in 2019 to assist the European Commission in fulfilling its legal obligations under the [Tobacco Products Directive \(TPD\)](#) and the WHO Framework Convention on Tobacco Control (FCTC). Key outputs achieved in 2019 were as follows:

Characterizing flavours in tobacco products

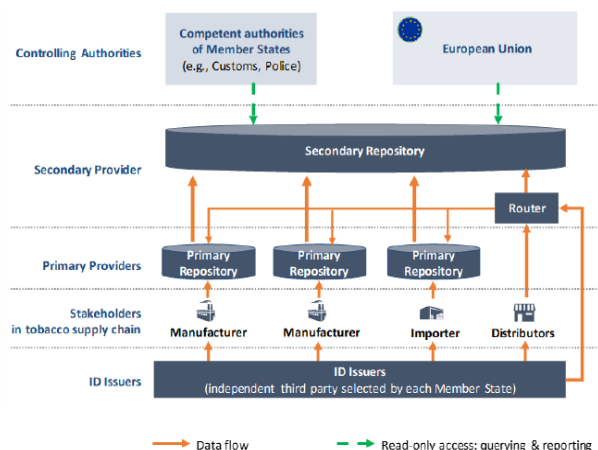
Four contracts were signed in 2019 under the Single Framework Contract Chafea/201/Health/36 to support the assessment of **characterising flavours in tobacco products** for EUR 304 000. They concern support services to the [Technical Group of sensory and chemical assessors](#) and the [Independent Advisory Panel](#). These services are key to determining whether tobacco products placed on the EU market comply with the Directive's rules and hampering the tobacco industry efforts in making their products more enticing by adding different flavourings¹⁵.

Tobacco products' tracking and tracing

[Article 15 of the TPD](#) provides the basic framework for the EU traceability system¹⁶ for cigarettes which has been put in place in the second half of 2019. It consists of a series of repository sub-systems storing data relating to tobacco products, whether primary repositories coming from manufacturers and importers or copies (secondary repository).

In 2019 Chafea signed a contract (EUR 240,000) for an expert study on the development and configuration of the automatic alerts ("alerts") that will be generated by this repositories system.

Its main objective is to establish a set of automatic alerts that can be used by competent authorities among Member States and by other law enforcement bodies at European level. It will contribute to exploiting the massive amount of traceability data that is accumulating in the secondary repository so as to identify fraud patterns, suspicious behaviours and spot possible fraudsters.



¹⁴ It is important to underline that Chafea, in its nature of executive agency, cannot reach alone the specific goals under which the programmes and initiatives delegated by the Commission are carried out. To this extent, the information reported hereafter should be referred to the contribution to the attainment of the mentioned objectives.

¹⁵ Uniform rules as regards the procedures for [determining whether a tobacco product has a characterising flavour](#).

¹⁶ Secondary legislation: (a). Commission Implementing Regulation (EU) 2018/574 on technical standards for the establishment and operation of a traceability system for tobacco products; (b). Commission Delegated Regulation (EU) 2018/573 on key elements of data storage contracts to be concluded as part of a traceability system for tobacco products.

Chafea also awarded a financial contribution (EUR 720,000) to the WHO to strengthen the implementation of the WHO Framework Convention on Tobacco Control and the Protocol to Eliminate Illicit Trade in Tobacco Products and fulfil the mandates given to it.

This grant will support enhanced collaboration in the following areas: 1) tobacco product regulation and disclosures of the contents of tobacco products, including in the area of novel tobacco products; 2) strengthened regulation/bans on tobacco advertising, promotion and sponsorship, with special regard to cross-border advertising; 3) identification of best practices in existing tracking and tracing systems for tobacco products and of key requirements for the establishment of a Global Information Sharing Focal Point.

This will further strengthen EU efforts in targeting fraud and illicit tobacco trade and enhance the soft power status of the Union, in setting a global standard in this key area.

Cost effectiveness of prevention – food reformulation and nutrition

In 2019, the final report of the OECD direct grant on the economics of prevention highlighted the need to further invest on prevention rather than cure. The report looked at the economic burden and the evidence for cost effective prevention interventions in two key areas: obesity and alcohol related harm. It identified food reformulation as a key cost-effective intervention in improving nutrition. In 2019, Chafea signed a contract for a study (EUR 1,400,000) on food reformulation, the final results of which will be available in 2020.

Building on the results of the Joint Action on Nutrition and Physical Activity (JANPA)¹⁷, Chafea launched a joint action in 2019, engaging competent authorities from 24 member states in implementing selected best practices¹⁸.

Finally, a project grant was awarded (EUR 855,000) on transferring the Danish Whole grain initiative, to increase whole grain consumption in 4 interested EU countries.

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

Vaccination

Chafea launched two important tenders in support of the policy actions of the recommendation to strengthen the EU cooperation on vaccine-preventable diseases, and the council communication of 2018:

- The first tender (signed for a value of EUR 2 260 000) is a feasibility study for a common vaccination card for EU citizens. Based on a mapping of existing vaccination cards, the contractor shall develop, test and evaluate proposals for an EU citizens' vaccination card that take into account potentially different national vaccination schedules; that are interoperable with EU Member States' Immunisation information systems (IIS); and that can be common to all EU Member States and usable across borders.
- The second tender (launched with an indicative budget of EUR 700 000) concerns a study which will: (i) explore the feasibility of and identify options for physical stockpiling of vaccines; and (ii) develop a concept for a mechanism for exchanging vaccine supplies from one EU Member State to another in case of an outbreak.

¹⁷ <http://www.janpa.eu/work/wp5.asp>, WP 5 on nutritional information.

¹⁸ The Steering Group on Health Promotion and Disease Prevention advises the Commission in the selection of best practices so as to make better use of research results and support their transfer and scaling up at the national and European level. The health programme then provides co-funding to such best practices included in the annual work programmes.

The second tender is also linked to the ongoing work of the [Joint Action on Vaccination](#) and more specifically the cooperation between EU member states on:

- Immunization Information Systems for increased vaccine surveillance capabilities;
- Mechanisms of vaccine forecasting, supply and stocks management and improved preparedness;
- Best practices and interventions to improve confidence in vaccines.

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

On 28 November 2019 the European Commission published [the 30 country health profiles](#)¹⁹ delivered under the State of Health in the EU Europe Cycle²⁰ funded under the third health programme.

The [companion report and factsheet](#) flagged five key challenges facing the EU health systems. Several of these are closely linked to objective 3 of the health programme. More specifically:

Digital innovation – paving the way to a European health data space

The Commission aims to support EU member states in making the most of the potential of e-health to provide high-quality healthcare and reduce inequalities. Key to achieving this aim is the creation of a “European Health Data Space”, to promote health-data exchange and support research on new preventive strategies, as well as on treatments, medicines, medical devices and outcomes.

Chafea signed a service contract (EUR 440,000) to assess the current situation on primary and secondary health data use and exchange in Europe and to identify enabling factors and barriers. The results of this tender are expected to feed into the programme of the upcoming German presidency and a possible legislative initiative in this area.

In parallel, the joint action on e-Health (eHAction) continues supporting the work of the e-Health Network for the period 2018-2021 for the delivery of Cross Border e-Health information Services (CBeHIS)²¹. These services (the patient summary for unscheduled care, ePrescriptions and eDispensations) are delivered through the National Contact Point for eHealth. In 2019, Chafea has launched a service contract (indicative budget of EUR 920 000) aiming to reinforce the capacity of the National Contact Points for e-Health by providing training and other capacity building activities.

Accessible and affordable medical technologies

Access to affordable medical technologies whether pharmaceutical products or medical devices, is essential for the sustainability and resilience of health systems.

In 2019, Chafea implemented the following actions:

- Operating grants awarded to civil society organisations such as [Health Action International](#); the [European Public Health Alliance](#); and the [European Organisation](#)

¹⁹ The Country Health Profiles provide an in-depth analysis of health systems, looking at the health of the population and important risk factors, as well as the effectiveness, accessibility and resilience of health systems in each EU Member State. They clearly reflect shared objectives across the Member States, and reveal potential areas where the Commission can encourage mutual learning and exchange of good practices.

²⁰ The State of Health in the EU cycle was created in 2016 with a view to developing “expertise on performance assessments of health systems, [...] to build up country-specific and cross-country knowledge which can inform policies at national and European level”, including “the work of the European semester of economic policy coordination.

²¹ Cross Border e-Health information Services (CBeHIS) are part of the e-Health Digital Single Infrastructure (eHDSI).

[of Rare Diseases Associations](#)²².

- The [EUnetHTA 3 Joint Action](#): 19 assessments delivered in 2019; completed the setup of a specific platform for the conduct of so-called “early dialogues”.
- Grant in support of the [EURIPID](#) voluntary collaboration on medicinal products’ pricing and reimbursement data²³.

Supporting the implementation of the new medical devices regulations

In 2019, Chafea implemented through service contracts the first communication and information campaign on Medical Devices, informing stakeholders about the legislative changes brought by the new EU legislation on Medical Devices²⁴ and In-vitro Diagnostic Medical Devices²⁵ which enter into force in May 2020.

The campaign mapped all relevant stakeholders, numbering more than 2000 contacts in and outside the EU. It produced eight informative factsheets translated in all EU languages, but also in Chinese, Japanese and Arabic. The campaign also comprises the organisation of webinars addressed to stakeholders as well as other information material in a layman language.

A new hub on the DG GROW website (“New regulations”) was created, with information addressing the main target stakeholders: manufacturers of medical devices and in-vitro diagnostic medical devices; authorised representatives, importers and distributors; healthcare professionals and health institutions; as well as institutions in charge of procurement of medical devices and in-vitro diagnostic medical devices. Finally, a social media campaign on Twitter and LinkedIn produced over 6000 link clicks (to the MD website), as well as 2 million impressions and 800 000 video views.

In 2019 Chafea also launched two requests for service (indicative amount of EUR 1.3 million) for a second communication campaign, as well as the functioning of the future EUDAMED - help-desk, training and quality assurance function.

Joint Action on Market Surveillance of Medical Devices

In 2019, the Joint Action on Market Surveillance of Medical Devices (JAMS) came to its end. This joint action reinforced the market surveillance system for medical devices by improving activities’ coordination among all European Union’s countries.

The joint action developed methods, tools and guidance for a consistent and proactive approach to manufacturer’s inspections and inspectors’ training courses by national competent authorities.

It further established specific inspection scopes and objectives to complement those conducted by conformity assessment bodies.

The joint action also developed a communication platform for national competent authorities to discuss clinical related market surveillance issues affecting several countries in real time and in a confidential setting.

In addition, the joint action has defined a training strategy to provide practical guidance on the assessment and review of clinical data. Finally, this cooperation also helped identify the priorities for developing common specifications and address clinical

²² These three organisations have specific objectives of their annual work programmes focusing on access to medicines; they received EUR 1.9 million in 2019 (for their 2020 annual work programmes).

²³ EURIPID facts: 26+ European Countries, 10,000,000+ Price References of medicinal products, 24h online availability of database, 9+ Years of Experience. By making available information on how each member states addresses the common challenges of affordable and accessible medicines, the database is of great value to the national competent authorities for pricing and reimbursement of medicinal products, supporting them in their decision making duties. The current grant will further expand the information provision to include managed entry agreements, prices and sales volumes, while it will further strengthen dialogue with stakeholders through a dedicated platform.

²⁴ Regulation EU 2017/745.

²⁵ Regulation EU 2017/746.

requirements both for safety and performance.

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

Funding European Reference Networks (ERNs) for rare diseases

In 2019 Chafea signed 3-year Specific Grant Agreements (SGAs) covering the period March 2019-February 2022 with all 23 ERNs for an amount of EUR 13.7 million.

The funding for the coordination tasks of the networks was complemented under the AWP 2019, by a call for projects related to the setup of patient registries, EUR 3,800,000. Nineteen proposals have been recommended for funding, with an expected signature in the 1st – 2nd quarter 2020.

Chafea also launched two key calls for tender in support of the functioning of the ERNs as sustainable structures, delivering standardized and comparable outputs:

- The first tender (indicative budget of EUR 825,000) will deliver an integrated assessment, monitoring, evaluation and quality improvement system (AMEQUIS). It will constitute the overarching methodology and tool-kit to assess, monitor and evaluate the ERNs, to be used during the whole life cycle of the ERNs and the individual healthcare providers wishing to become Members of a Network;
- The second tender (indicative budget of EUR 2 million) will support European Reference Networks' capacity and knowledge sharing through short term mobility and exchanges of healthcare professionals between networks and healthcare providers.

A call for proposals was launched in the second quarter 2019 to support stakeholders in the area of Anti-Microbial Resistance (AMR) for EUR 2 million. One project has been evaluated and recommended for funding.

Dissemination

The major dissemination activity of 2019 was the [EU Health Programme Conference](#) held on 30 September 2019.

Organised by Chafea with the support of DG SANTE, the aim of the conference was two-fold: to showcase the success stories of the Third Health Programme; and to present the new approach for the EU health funding under the post 2020 multiannual financial framework.

The conference was attended by over 350 participants. Web streaming was organised and recording of the event is available on Chafea website. For the event a dedicated booklet on success stories and a video with key data on the third EU Health Programme were produced and launched.

Close cooperation with the Health Programme National Focal Points led to the organisation of several dissemination events in Member States on topics where the health programme results was seen as instrumental in promoting national level policy priorities. In addition Chafea collaborated closely with DG SANTE to organise events in the context of major European Public Health Conferences such as the European forum Gastein, the annual European Public Health Association (EUPHA) conference and the annual conference of the International Foundation on Integrated Care (IFIC).

1.2 Better training for safer food

Better Training for Safer Food (BTSF) is an EU Commission initiative targeting EU public officials working in the field of food safety controls, animal health and welfare, and plant health rules. It is also open to non-EU country officials to support these countries to apply the EU standards for food safety, animal rearing and crop growth.

Majority of the BTSF training courses are designed for public officials from EU, candidate and potential candidate countries, European Free Trade Association and European Neighbourhood Policy countries. Trainings for non-EU countries are developed and structured to cover any sanitary and/or phytosanitary subject anywhere in the world. To maximize the impact of the BTSF Initiative, participants must be in a position to train further colleagues in their own administrations.

In 2019, BTSF funded 189 sessions and has trained 6,000 persons in face-to-face or stationary trainings in the EU and worldwide. The Agency managed contracts for 50 different training subjects related to the different types of feed preparation, food production, controls of the food production, controlling and surveying animal diseases, organising preparedness and emergencies actions and for transport of animals, plants and food.

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

Most importantly, BTSF continued to **support Commission activities against the outbreaks of African Swine Fever (ASF) in 2019**. ASF is a devastating infectious disease of pigs, usually deadly, for which vaccine does not exists. Currently, this disease affects 10 EU countries. 2 workshops were organised in Luxembourg and Croatia with 72 participants from 17 countries. Furthermore via means of the flexible and rapid instrument of sustained training missions (STM) 7 events were organised in 7 different countries to train control staff and consequently support the fight against this dangerous animal disease.

Under the financing decision (FD) 2019, four calls for tender were launched and two were concluded for the following topics:

- Implementation of inter-sectorial simulation exercises on crisis management coordination and response in the sectors of food and feed, animal and plant health, EUR 1.7 million;
- Food hygiene and controls of meat, including derived products, EUR 2.08 million.

Crisis management coordination and response

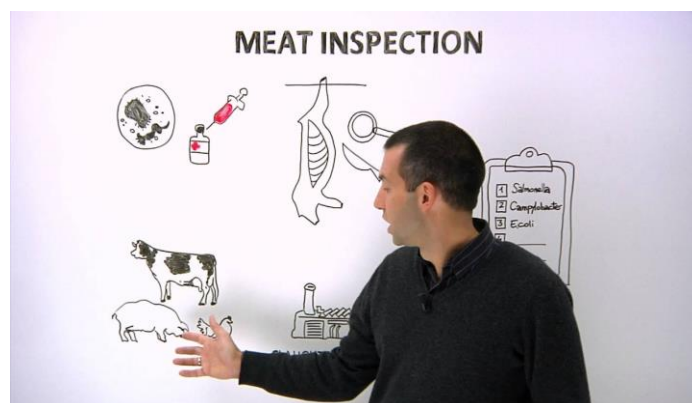


This set of training courses supports EU countries when preparing, holding and evaluating inter-sectorial table-top simulation exercises on outbreak coordination and crisis response involving agri-food chain authorities, public health authorities, and crisis coordinators. Crisis simulation exercises contribute to improving:

- Preparedness and response planning for crisis situations through testing procedures in place at national (contingency plans) and EU level (e.g. the crisis general plan);
- Coherence, interoperability and coordination between local, national and EU level;
- Interaction between Member States and with international partners concerned by using the appropriate channels;
- Coordination between the competent authorities and stakeholders at national level;
- Coordination of risk communication at local, national and EU level;
- Preparedness to communication and decision-making challenges in crisis situations, such as e.g. deciding when to communicate, how to handle uncertainty when communicating and how to balance scientific assessments vs political evaluation,

trade, economic impact, consumer confidence and public health.

Meat hygiene and controls



This set of training courses explains the new legislative framework concerning the performance of official controls on products of animal origin, and particularly on meat, which will apply from 14 December 2019. The target audience are staff of the competent authorities of Member States involved in official controls on the production of meat.

Two other open calls for tenders were launched under FD 2019 and will be concluded in 2020:

- on the new plant health regime, estimated amount EUR 2.58 million;
- on the risk assessment of microorganisms used as pesticides or biocides, estimated amount EUR 1.22 million.

Moreover, 7 calls for tender were concluded under the financing decision 2018, and second phases were initiated for 10 ongoing contracts.

Specific trainings for EU Member-State officials were organised in Grange (Ireland), in cooperation with DG SANTE, focussed on strengthening impact of Union overview audits, national experts' assistance for Commission audit and inspection teams, identification of endocrine disruptors and new legislation on official controls.

BTSF Academy

The BTSF Academy is a cloud-based Learning Management System (on an open source Moodle-platform) that manages both the blended training offer (face-to-face and online courses) as well as the administration of future and former participants. It is a new product from the BTSF initiative, which has been running since February 2018.

The Academy targets EU countries officials who deal with food safety controls. It offers 50 very comprehensive and rich e-Learning modules available in English, French, German, Spanish and Portuguese languages and 31 additional food safety, animal health and welfare, plant health, control and feed preparations topics, which are supported with practical videos and slide shows from past face-to-face training courses.

In addition to this, BTSF Academy offers integrated tools to facilitate selection and approval at national level of the appropriate participants for face-to-face trainings, serving National Contact Points and contractors managing the training courses.

In 2019, more than 4,900 new participants were enrolled in BTSF e-learning modules with HACCP being the most requested one and Spain having the highest participation among the EU countries, with 1 474 enrolments.

The BTSF Academy team provided permanent support for participants and National Contact Points (NCP). New features were developed, such as a calendar showing all ongoing training sessions, and information about face-to-face trainings in all EU languages. In addition, all e-learning modules were distributed on DVDs to competent authorities and partners of the EU worldwide.

BTSF in non-EU countries

BTSF training organized in the non-EU countries is considered as a key driver in raising knowledge and awareness of EU laws in the above-mentioned fields, in ensuring their correct enforcement and in promoting a harmonised approach to the operation of EU and national control systems.

In 2019, six contracts dedicated to non-EU countries were ongoing with 30 training sessions and more than 800 participants trained. The topics of the courses were:

- Prevention, monitoring and control of antimicrobial resistance (AMR) in the context of an overall 'One Health' approach involving both veterinary and human fields;
- Principles and methods of food safety risk analysis;
- Training activities to strengthen EU law enforcement in Sanitary and Phytosanitary (SPS) fields;
- Training activities in non-EU countries to improve and strengthen the Sanitary and Phytosanitary (SPS) framework to allow better production, processing and trade of safe food, healthy animals and plants;
- The use of Union information management systems for official controls in the sanitary and phytosanitary fields;
- The implementation of the training on EU rules applicable to the authorisation and placing on the market of novel foods produced in non-EU countries started in 2019.

In addition to the face-to-face training courses, BTSF organised 25 Sustained Training Missions to selected non-EU countries in four continents, in particular in developing countries, to harmonise control procedures and improve trade potentials in different fields, with regard to the development of action plans, information tools, documented control procedures and setting up of effective verification mechanisms.

1.3 Promotion of agricultural products

Specific objective: To better reflect consumer expectations

2019 was the fourth 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. "Simple" Chafea managed the whole lifecycle of the "multi" programme. "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 2019 – 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 7 February 2019 with good participation across product sectors and Member States. 172 participants from 23 Member States were present on site. 13 bilateral meetings between potential applicants took place during the match-making meetings organised during the info day. The Agency also participated in 7 info days organised by the national authorities managing simple programmes in Member States, and in one info day organised by an EU level organisation.

At the end of the submission period, applicants submitted 109 “simple” and 35 “multi” proposals. The simple call was oversubscribed by 66 % and the multi call by 42 %.

56 simple programmes with total EU co-financing of EUR 98,715,631 and 25 multi proposals with total EU co-financing of EUR 74,375,475 were selected for financing. Simple programmes cover participants from 14 Member States, while participants from 16 Member States will implement the multi programmes.

78% of the budget of the simple call is dedicated to programmes targeting 34 different third countries, the largest number ever, and a large number of product sectors will be promoted.

Highlights:

- ***172 participants from 23 Member States attended the info day in Brussels***
- ***78% of the budget of the simple call is dedicated to programmes targeting 34 different third countries, the highest number ever***
- ***Participants from 16 Member States will implement the 25 selected multi programmes***

As a result of the call for “multi” programmes, Chafea signed 25 “multi” grant agreements by December 2019. The 25 promotional campaigns are targeting both internal market and third countries and support the following product sectors: fresh and processed fruit and vegetables, dairy products and cheese, cereals, flowers&plants, wine, olive oil, bovine and poultry meat, and meat preparations.

Activities in the support of policy and DG

Measures on the initiative of the Commission consist 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 2019 and contributed to efforts to facilitate the participation of stakeholders in the information and promotion policy. The Agency delivered two webinars during the year targeting mainly potential applicants and grant beneficiaries with the aim 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 4000 unique visitors each month and 1860 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 Japan, Mexico, Egypt, India and South Korea 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. 13 market reports currently available on the portal are downloaded approximately 80 times each month, with the highest number of downloads of the handbook for Japan (129) and United Arab Emirates (125).

Several events were organised in third countries during 2019, including **2 high level missions, 3 EU pavilions at trade fairs and 4 Quality/SPS promotional seminars.**

37 business delegates from 17 Member States participated in the high level mission to UAE in February 2019, and 61 business delegates from 22 Member States participated in the high level mission to Japan in May 2019.

EU pavilions were organised at the following trade fairs: Gulfood (Dubai, February 21019), Foodex (Tokyo, March 2019), and Alimentaria (Guadalajara, March 2019). The EU stands offered 'edutainment' experience, such as products' tastings and pairing, quizzes, cooking shows, and information sessions about the merits of EU agri-food products. 18.000 people visited our different stands. A seminar dedicated to the European Partnership Agreement opportunities was organised during Foodex, and a conference focusing on geographical indications during Expo ANTAD & Alimentaria. Both events gathered respectively 145 and 108 participants.

With the aim of improving market access for EU agri-food producers and exporters, Quality/SPS promotional seminars were organised in Mexico (Mexico City, July 2019), India (New Delhi, October 2019) and Colombia (Bogota, December 2019), while a seminar on Geographical indications was organised in Singapore (July 2019). These seminars focused on promoting EU agri-food products and increasing information on their SPS (Sanitary and Phyto-Sanitary) and quality aspects. More than 700 highly qualified participants (professionals from the food sector, national authorities) attended the four events.

Communication campaigns in Canada, GCC region, Japan and China were on-going during 2019, while preparatory steps were carried out for a communication campaign in Mexico which is planned to be launched in spring 2020. In the context of those campaigns, a multitude of seminars for the business-to-business target, tasting events for consumers, web and social media activities were organised.

Highlights:

- ***Agri promotion portal currently has around 4000 unique visitors per month and 1860 registered users***
- ***Market reports are downloaded approximately 80 times each month***
- ***With a satisfaction rate from 65 % to 100 %, depending on the activity, over 20.000 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***

Alongside the implementation of the promotional projects listed above, the Agency paid particular attention to assessing their impact. In addition to evaluating the results of each concluded project, Eurobarometer-type surveys were concluded to establish a baseline in five countries where communication campaigns were launched - Canada, United Arab Emirates, Kingdom of Saudi Arabia, Japan and China. These surveys measure awareness of consumers on the qualities of EU agri-food products and will in future provide valuable insights on the contribution of the promotion activities (both grants and procurement) in the target countries to the overall policy objectives.

1.4 Consumers programme

The general objective of the 2014-2020 Consumers Programme, as laid down in Regulation No 254/2014²⁶, is to ensure a high level of consumer protection, to empower consumers and to place the consumer at the heart of the internal market, within the framework of an overall strategy for smart, sustainable and inclusive growth. The Programme will do so by contributing to protecting the health, safety and the legal and economic interests of consumers, as well as to promoting their right to information, education and to organise themselves in order to safeguard their interests, and supporting the integration of consumer interests into other policy areas. The Programme shall complement, support and monitor the policies of Member States.

The 2014/2020 Consumer Programme supports the targets of Europe-2020²⁷ as regards growth and competitiveness. It integrates the specific Europe 2020 priorities on the digital agenda for Europe in order to ensure that digitalisation actually leads to increased consumer welfare, sustainable growth, social inclusion and smart regulation. In 2019, the financed actions are aiming at effectively supporting the enforcement of consumer rights and product safety law, awareness raising and education activities as well as capacity building for consumer organisations in line with the Consumer Programme 2014-2020 Regulation and the 2012 Consumer Agenda. Furthermore, in 2018 the European Commission proposed a New Deal for Consumers²⁸ to ensure that all European consumers fully benefit from their rights under Union law.

The specific objectives integrated in the Consumer Programme 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.

In order to contribute to these objectives, during 2019, Chafea was implementing grant and procurement actions planned within 2019 AWP, but also continued implementation of the ongoing actions under the previous AWP.

During 2019, Chafea contributed to the achievement of the objectives of the Commission through the implementation of the following actions.

Specific objective: Consolidated and improved consumer rights in the internal market

Chafea provided support for the organisation of 4 **workshops** in relation to the coordination of surveillance and enforcement actions with regard to the Regulation on Consumer Protection Cooperation (CPC). The CPC regulation lays down a cooperation framework to allow national authorities from all countries in the European Economic Area to jointly address breaches of consumer rules when the trader and the consumer are established in different countries.

The European Commission coordinates the cooperation between these authorities to ensure that consumer rights legislation is applied and enforced in a consistent manner across the Single Market. Chafea provided support to the **exchanges of EU Member States and EFTA/EEA enforcement officials (ExO)** in the areas of consumer protection cooperation (CPC). The EU financial contribution was provided in the form of indemnities paid to enforcement officials working for single liaison offices, competent

²⁶ Regulation (EU) No 254/2014 of the European Parliament and of the Council of 26 February 2014 on a multiannual consumer programme for the years 2014-20 and repealing Decision No 1926/2006/EC.

²⁷ Europe 2020 is the EU's growth strategy for the coming decade, where the Union has set five ambitious objectives on employment, innovation, education, social inclusion and climate/energy, to be reached by 2020.

²⁸ http://europa.eu/rapid/press-release_IP-18-3041_en.htm.

authorities or other national authorities or bodies notified to the European Commission for the purposes of Regulation (EC) n° 2006/2004 and of Directive 2001/95/EC by a Member State or a third country referred to in Article 7 of the Consumer Programme 2014-2020. The exchanges could take form of visits, coordination of enforcement or investigations, small workshops and trainings to tackle common issues among enforcement authorities. Chafea received 55 applications, which were also facilitated through a workshop organised by Chafea on 28 February in Brussels, where possible synergies between ExO and CPC Grant calls were promoted.

Chafea launched a call for proposals to support CPC authorities and other relevant bodies under Regulation (EC) No 2006/2004 and Regulation (EU) 2017/2394 by co-financing measures (**CPC Grants**) for EUR 1 M in one or both of the following priorities:

- Preparing the CPC authorities, other relevant bodies and other stakeholders for the new CPC Regulation (Regulation (EU) 2017/2394);
- Facilitating the activities of national authorities and, where applicable, other relevant bodies, to tackle potential breaches of the laws listed in the Annex of Regulation (EC) No 2006/2004 or Regulation (EU) 2017/2394.

Chafea has received 3 proposals and 3 grant agreements will be signed as result of this action.

Chafea also launched the call for proposals to facilitate the consumers' access to alternative dispute resolution entities compliant with Directive 2013/11/EU; including through measures for vulnerable consumers, developing the networking of national alternative dispute resolution entities, promoting monitoring activities on the functioning and the effectiveness of dispute resolution mechanisms (**ADR Grants**). The expected results of the actions funded for EUR 1 M under this call are as follows:

- Increased accessibility of ADR entities to consumers, including in a cross-border context;
- Improved operational capacity in resolving consumer disputes.

Chafea has received 29 proposals and 22 grant agreements are expected to be signed. The call was a huge success thanks to the simplified application procedure which was presented during the ADR Info-day held on 28 May 2019 in Brussels and which attracted a lot of attention from potential applicants.

Preliminary market study on the management of consumer complaint data is a procurement project the goal of which is to create a robust support for evidence-based consumer policy by converting a representative sample of consumer complaints into the statistics, trends and emerging malpractices in real time, and using these insights for eventual legislative review or coordinating enforcement actions. The objectives of the project are:

- Creation of a comprehensive inventory of the consumer complaints in the EU/EEA covering the EU Member States, Iceland, Liechtenstein and Norway;
- Scoping an ICT solution for management of the complaint data in line with the overall purpose of the contract.

Chafea supported DG JUST through the implementation of procurement procedures for the organisation of two important events in 2020:

- **Consumer summit**, the aim of which is to bring together stakeholders from all European Member States, including policymakers, national enforcement authorities, academia, representatives of civil society at both EU and national level, such as consumer and business organisations and youth representatives, to kick-start discussions on key topics under the future consumer policy priorities.
- **ADR assembly**, the aim of which is to provide valuable insights to the Commission, as the stakeholders will be invited to give feedback on the findings of

the 2019 Commission Report on the European Framework for Alternative Dispute Resolution (ADR) and Online Dispute Resolution (ODR)²⁹, also on their needs (i.e. training, promotional activities, IT solutions). This will help prepare possible future EU support schemes for ADR entities.

Specific objective: Easier resolution of disputes and recovery of claims, including across borders, for consumers and individuals

Chafea launched the invitation to submit proposals under the existing framework partnership agreements (FPAs) for the conclusion of the specific grant agreements (SGAs) for co-financing joint actions with bodies constituting the European Consumer Centre Network – ECCNet (**ECC Grants**). Chafea has received 30 applications, 28 grants have been signed by the end of 2019 while the remaining 2 are in the pipeline. A budget of EUR 6.3 M has been allocated to this action.

Market study on a compliance check of car rental intermediaries is a project the goal of which include a mapping of the main car rental intermediaries used by European consumers, their relationship with airlines and main online travel or booking websites and an assessment of their commercial practices.

Specific objective: Consolidating and enhancing product safety through effective market surveillance in the Union

Chafea concluded 4 highly important contracts for an amount of EUR 8.6 M related to coordinated activities by national authorities on market surveillance for dangerous products across the EU³⁰, which aim at improving the effective application of Directive 2001/95/EC of the European Parliament and of the Council of 3.12.2001 on general product safety (GPSD), including support to the exchanges of EU Member States and EFTA/EEA enforcement officials in the area of consumer safety (**CASP**) on the following topics:

- Joint testing and communication activity on slime toys (CASP Slime);
- Revision of the mandate M264 for Childcare Articles (CASP Mandate);
- Visits to fellow market surveillance authorities (CASP Visit Us);
- Joint testing on toys and childcare articles, home outdoors play equipment, baby nests/co-sleepers/sleeping bags, cables and small kitchen heating appliances as well as dangerous metals in jewellery (online) (CASP 2020), as well as 1 amendment to the contract CASP 2019.

Specific objective: Consumers education as a life-long process

Service contract for **production and promotion of four educational videos on consumer topics** aims to raise awareness of specific consumer rights among both, young consumers and general public and empower them to become more informed buyers. The request/ service includes the following:

- The organisation of a call for ideas to gather input on the possible storylines for the videos to be produced;
- The creation and production of four educational videos on different consumer topics;

²⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=COM:2019:425:FIN>.

³⁰ The EUR 8.6 million includes the CASP contracts signed in 2019 (CASP2020 for EUR 2,950,000, CASP Slime, CCA Mandate and VisitUS for a total of EUR 219,855 and CASP2019, signed in 2019 but from 2018 budget, for about EUR 2,550,000).

- Conducting a focus group research amongst the 2 target groups for testing the concepts and videos;
- The dissemination of videos in all EU Member States, Iceland and Norway
- A media buying plan and its implementation.

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, Chafea signed an operating SGA for a EUR 2 M co-financing with the Bureau Européen des Unions de Consommateurs (**BEUC grant**) under an existing FPA.

Legacy from the AWP 2018

Due to the time needed for the definition of policy needs and technical content, certain projects envisaged in the Consumer 2018 AWP were implemented throughout 2019. However, Chafea successfully finalised commitments for all actions planned under Consumer 2018 AWP by the end of 2019. In addition, Chafea managed the implementation of other ongoing projects.

- A contract on "**Capacity Building**" initiatives, its implementation is ongoing;
- Analysis to support the implementation of the new approach of the **Market Monitoring Survey (MMS)**, two specific contracts signed. The two surveys are covering 15 markets (Wave 1 - 10 markets: Household appliances, Electronic products, Airlines services, Holiday accommodation, Loans, credit and credit cards, Internet-connected products, Products for children, Cosmetics, House and Garden maintenance products, Furniture and furnishings; wave 2 - 5 markets: Mobile telephone services, Internet provision, Packaged Holidays and Tours, Electricity services, Gas services), and they aim to assesses consumer experiences and opinions about the level of functioning of these markets.
- **Internet scams and Fraud survey** had the overall purpose to deliver statistically reliable and comparable results related to the type of Internet fraud experienced by consumers and the economic and other type of detriment involved. The survey resulted in the following important findings: More than half (56%) of Europeans surveyed experienced at least one of these types of fraud/scams in the last two years. 'Monetary fraud' was the type of fraud that was most frequently encountered, followed by 'identity theft' and 'buying scams'; respectively 39%, 33% and 23% reported to have experienced these types of fraud over the last two years. Experience with the fraud and scams covered by the survey varied substantially across EU Member States, ranging from 69% in Denmark to 17% in Bulgaria.
- CHAFEA has supported a project of the State Consumer Rights Protection Authority in Lithuania on measuring the impact of dual quality of products on Lithuanian consumers under a CPC grant scheme (**Grant agreement - CPC 2017 Lithuania**). The project aimed at evaluating consumers' awareness of dual quality of products and how this phenomenon influences consumers' choice.
- The second phase of the service contract supporting the national authorities responsible for the enforcement of consumer laws and for consumer product safety especially in the internet investigation (**E-enforcement academy**) was implemented in 2019. Within this period, 48 enforcement officials have been trained during two two-days training sessions in Brussels. The major event of the whole project "E-enforcement Academy Forum" took place in Brussels on 29/10/2019 and was attended by almost 80 e-enforcement officials, EC representatives and stakeholders from businesses, consumer organisations and academia.

2. ORGANISATIONAL MANAGEMENT AND INTERNAL CONTROL

This section explains *how* Chafea delivered the achievements described in the previous section. It is divided into two subsections.

The first subsection reports the control results and other relevant information that supports management's assurance on the achievement of the financial management and internal control objectives³¹. It includes any additional information necessary to establish that the available evidence is reliable, complete and comprehensive. It covers all activities, programmes and management modes relevant to 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. The results are explicitly documented and reported to the Director. The list of reported information is given in Annex 10. 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.

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. The ex-post controls take place after the implementation of actions co-financed under grant agreements, i.e. after final payments are made³². Ex-post and ex-ante audits on the spot are performed by an external service provider under an inter-institutional framework contract. In 2019, 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 is for reporting and assessing the elements identified by management, which support the assurance on the achievement of the internal control objectives³³. The

³¹ Art 36.2 FR: effectiveness, efficiency and economy of operations; prevention, detection, correction and follow-up of fraud and irregularities; and adequate management of risks relating to the legality and regularity of underlying transactions.

³² 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).

³³ 1) Effectiveness, efficiency and economy of operations; 2) reliability of reporting; 3) safeguarding of assets and information; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) 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 36.2).

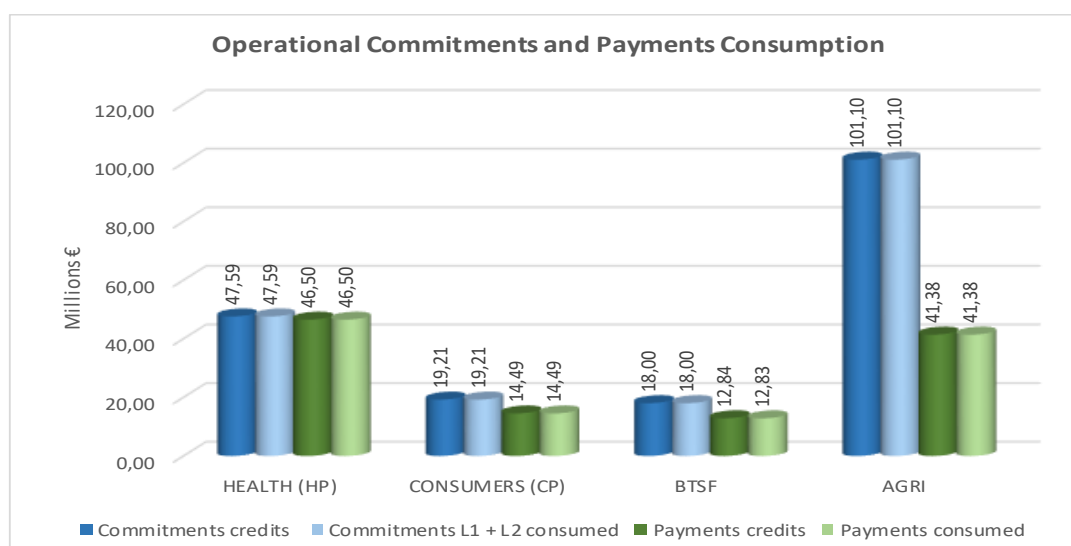
Agency's assurance building and materiality criteria are outlined in AAR Annex 4. Annex 5 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

Budget coverage - Operational budget

Chafea's core mandate covers the execution of EU operational budget in implementation of the programmes delegated to it by the European Commission. In doing so, Chafea is subject to basic 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. In 2019, Chafea continued to implement an operational portfolio of both payment and commitment appropriations.

Chafea shows an implementation rate of the 2019 operational budget of 100% for all the programmes. However, the actual level of implementation (individual commitments related to grants and procurement contracts, or L2) is relatively low for the Health programme (about 27 % of the budget delegated to the agency) and the Better training for safer food initiative - BTSF (about 31 %), while the result is more favourable for the Consumer programme and Promotion of agricultural products, where the level of implementation reached respectively 78 % and 84 %. The level of individualisation of commitments observed is due to several factors, including the delayed scheduling of certain actions and unforeseen changes (e.g. additional health calls) or the availability of the information necessary to prepare the document relating to calls. Initiatives have been identified with the parent DGs in order to improve the planning.

	Health programme	Consumers programme	BTSF	Agri Promotion	Total
Commitments Credits	47,590,110.24	19,211,336.52	18,000,000.00	101,100,000.00	185,901,446.76
Commitments consumed (L1+L2)	47,590,110.24	19,211,336.52	18,000,000.00	101,100,000.00	185,901,446.76
Commitments consumed L2	12,728,692.47	14,968,180.05	5,512,799.00	85,355,629.70	118,565,301.19
Payment credits	46,500,592.62	14,485,341.59	12,842,718.70	41,377,706.77	115,211,970.29
Payment consumed	46,500,592.62	14,485,547.79	12,828,104.86	41,377,706.77	115,197,356.45



Budget coverage - Administrative (operating) budget

Chafea received its administrative budget, which amounted to about EUR 11.22 million in 2019, in a form of an annual subsidy from the EU budget (Health Programme and BTSF initiative -DG SANTE- the promotion of agriculture products -DG AGRI- and from the Consumer Programme -DG JUST-). For the implementation of the Health and Consumers programmes, part of the Chafea administrative budget is from the contribution of EFTA countries. 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 ex-post controls, translation, communication and dissemination, and missions. The Director of the Agency is the Authorising Officer concerning the implementation of the Agency's administrative budget. The European Court of Auditors conducts annual audit on the use of the operating budget (observations resulting from ECA audit on 2018 accounts are described in section 2.1.2).

Commitments appropriation (2019)	Consumed trough commitments
EUR 11,220,130.40	EUR 11,201,720.27 (99.8%)
	Consumed trough payments
	EUR 9,052,294.13 (80.7%)

1. Effectiveness = the control results and benefits

- **Legality and regularity of the transactions**

Chafea is using internal control processes to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions it is responsible for, taking into account the multiannual character of programmes and 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 occurred³⁴.

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 indicators³⁵:

- 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.

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

³⁴ Materiality criteria and indicators of their fulfilment are determined also in Annex 4 to this report.

³⁵ Along with the above mandatory indicators, the voluntary measurements are used to assess the legality and regularity of the procedures conducted within the management of procurement and grants under the delegated programmes. These measurements are reported in Annex 10.

award criteria that are, most of the times, 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 Consumers 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, and operate on the basis of their own internal control system (e.g. with regards to accounting practices, documentation of working inputs/outputs, etc.).

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 rate³⁶					Target: Below the materiality criteria (2 %)
<i>Source of data: Chafea calculation of residual error rate per programme managed - ex post control strategy</i>					
Baseline (2014)	2015	2016	2017	2018	2019
Health Programme (HP): 1.94 % Consumers Programme (CP): 1.18 % Agricultural Promotion (AGRI): N/A ³⁷ Better Training for Safer Food (BTSF): N/A	HP: 1.93 % CP: 0.79 % AGRI : N/A (no grants awarded) BTSF: N/A	HP: 1.39 % CP 0.48 % AGRI: N/A (no final payments in 2016) BTSF: N/A	HP: 1.65 % (2008-2013) 1.95 % (2014-2020) CP 0.71 % (2008-2013) 0.50 % (2014-2020) AGRI: N/A (no final payments in 2017) BTSF: N/A	HP: 1.92 % (2008-2013) 1.26 % (2014-2020) CP 0.82 % (2008-2013) 0.26 % (2014-2020) AGRI: N/A (no final payments in 2018) BTSF: N/A	HP: 2.31 ³⁸ % (2008-2013) 0.82 % (2014-2020) CP: 0.82 % (2008-2013) 0.25 % (2014-2020) AGRI: 0.62 % BTSF: N/A ³⁹
Indicator 2: Estimated overall amount at risk at closure for the year for the entire budget under the Agency's responsibility					Target: Below the materiality criteria (< 2 % of payments)
<i>Source of data: Chafea Annual Activity Reports</i>					
Baseline (2014 AAR)	2015	2016	2017	2018	2019
Health Programme (HP): EUR 574,200 Consumer Programme: (CP): EUR 100,596 Agricultural Promotion (AGRI): N/A Better Training for Safer Food (BTSF): N/A	HP: EUR 571,634 CP: EUR 99,452 AGRI: N/A BTSF: EUR 0	HP: ~ EUR 310,000 CP: ~ EUR 50,000 BTSF: N/A AGRI: ~ EUR 20,000	HP: ~ EUR 510,000 CP: EUR 0 BTSF: N/A AGRI: ~ EUR 20,000	HP: ~ EUR 640,000 CP: ~ EUR 20,000 BTSF: N/A AGRI: ~ EUR 140,000 ⁴⁰	HP: ~ EUR 370,000 CP: ~ EUR 10,000 BTSF: ~ EUR 60,000 AGRI: ~ EUR 120,000

³⁶ The European Court of Auditors in its 2018 Annual Report and its review of the Commission's ex-post audits observed that the Commission's methodology for calculating the error rate leads to an understatement of the error rate the extent of which cannot be quantified. As a result, Chafea will adapt its methodology for the calculation of the error rate for the programmes managed in line with the Court's observation starting with the implementation of the 2020 ex-post campaign. See Annex 4, Section 4.3 for further details.

³⁷ Start of programme implementation, no data available.

³⁸ 2019 is the first year in which the materiality threshold is exceeded for this programme. No reservation was made as considering the de minimis rule. See Annex 4, Section 4.2 for more details.

³⁹ No grants managed.

⁴⁰ Conservative estimates based on highest RER among the other programmes (see, *infra*, "Table X").

Indicator 3: Revenues / Income <i>Source of data: aggregated data since 2014, provided by DG BUDG annually, in aggregated report</i>					Target: n/a
Baseline (2014 AAR)	2015	2016	2017	2018	2019
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	EUR 431,937

Chafea continues improving the internal procedures of managing transactions within the delegated programmes, basing on the analysis of risks and the results of earlier ex-post and internal 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 is 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, 5 and 10).

Overall amount at risk and corrective capacity

In the context of the protection of the EU budget, Chafea's estimated overall risk at payment, estimated future corrections and risk at closure are consolidated at Commission level. Chafea's data is shown in "Table X" and its accompanying notes below.

The estimated overall risk at payment for 2019 expenditure is EUR 0.78 million. This is the AOD's best, conservative estimation of the amount of relevant expenditure during the year (EUR 110.28 million) not in conformity with the contractual and regulatory provisions applicable at the time the payment was made.

This expenditure will subsequently be subject to ex-post controls and a proportion of the underlying errors will be detected and corrected in successive years. The conservatively estimated future corrections for 2019 expenditure are EUR 0.18 million. This is the amount of errors that the Agency conservatively estimates will be identified and corrected by controls planned to be carried out in succeeding years.

The difference between those two amounts leads to the estimated overall risk at closure for the 2019 expenditure of EUR 0.61 million.

The overall risk at payment and at closure remain overall stable with respect the last a few years, due in particular to a certain level of continuity in the management of the programmes (e.g. no new programmes were assigned to Chafea) and the roll-out of the control measures undertaken over the years.

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.

"Table X" - Estimated overall risk at payment / closure

CHAFEA	"payments made" (2019; m€)	minus new prefinancing (2019; m€)	plus cleared prefinancing (2019; m€)	= "relevant expenditure" (for 2019; m€)	Average Error Rate (weighted AER; %)	Estimated overall amount at risk at payment (2019; m€)	Average Recoveries and Corrections (adjusted ARC; %)	Estimated future corrections [and deductions] (for 2019; m€)	Estimated overall 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	0.76	0.00	3.89	4.65	2.31 % ⁴¹	0.11	0.20 %	0.01	0.10
Health programme 2014-2020	45.74	21.33	16.45	40.86	0.82 %	0.34	0.20 %	0.08	0.26
Health programme (HP) Total	46.50	21.33	20.34	45.51	0.99 %	0.45	0.20 %	0.09	0.37
Consumers programme 2007-2013	0.04	0.00	0.00	0.04	0.82 %	0.00	0.20 %	0.00	0.00
Consumers programme 2014-2020	14.45	6.72	6.60	14.33	0.25 %	0.04	0.20 %	0.03	0.01
Consumers programme (CP) Total	14.49	6.72	6.60	14.37	0.28 %	0.04	0.20 %	0.03	0.01
Better training for safer food (BTSF)	12.83	0.17	0.17	12.83	0.50 % ⁴²	0.06	0.00 % ⁴³	0.00	0.06
Promotion of agricultural products (AGRI)	41.38	12.85	0.00	28.53	0.62 %	0.18	0.20%	0.06	0.12
SUB TOTAL – OPERATIONAL PROGRAMMES (operational budget)	115.20	41.07	27.10	101.23	0.72 %	0.73	0.18 %	0.18	0.56
ADMINISTRATION (operating budget)	9.05	0.00	0.00	9.05	0.50 %	0.05	0.00 %	0.00	0.05
GRAND TOTAL	124.25	41.07	27.10	110.28	0.71 %	0.78	0.16 %	0.18	0.61

⁴¹ A reservation for this programme has not been made in view of the application of the *de minimis* rule. See Annex 4 for details.

⁴² No grants are foreseen for this programme and no ex-post controls are performed. Conservative error rate applied.

⁴³ As no ex-post controls are performed on this programme (no grants are foreseen), no recoveries are expected.

Notes to the table

(1) Differentiated for the relevant portfolio segments.

(2) Payments made or equivalent, e.g. expenditure registered in the Commission's accounting system, accepted expenditure or cleared pre-financing. In any case, this means after the preventive (ex-ante) control measures have already been implemented earlier in the cycle.

(3) New pre-financing actually paid out by the department itself during the financial year (i.e. excluding any pre-financing received as a transfer from another department). "Pre-financing" is covered as in the context of note 2.5.1 to the Commission annual accounts (i.e. excluding "Other advances to Member States" (note 2.5.2) which is covered on a purely payment-made basis).

(4) Pre-financing actually cleared during the financial year. The figures do not include the amount of pre-financing cleared as a result of recovery orders or as a result of corrections (for a total amount of EUR 428,270.24).

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to legality & regularity errors, our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out, and adds the previous pre-financing actually cleared during the FY. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.

(6) In order to calculate the weighted Average Error Rate (AER) for the total relevant expenditure in the reporting year, the detected error rates have been generally used – or an equivalent. See Annex 4 for details on calculations. For the Better training for safer food (BTSF) initiative, where no grants are managed, and for administrative expenditure, as being low-risk types of expenditure, a 0.5 % rate is used as a conservative estimate.

(8) 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 Agency over the past years, the AOD has adjusted this historic average from 2.2% to 0.2 %. In this respect, any ex-ante elements, one-off events, (partially) cancelled or waived Recovery Orders, and other factors from the past years that are no longer be relevant for current programmes have been taken into account in order to come to the best and most conservative estimate of the ex-post future corrections to be applied to the reporting year's relevant expenditure for the current programmes. In particular, lower error rates were reached in recent years for all the programmes, sometimes lower than the historical average of future corrections. For this reason, the lowest average correction in the time series (0.2 %, in 2018) has been selected as conservative estimate. Details on the seven-year historical corrective capacity are given in Annex 10.

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

Chafea has developed and implemented its anti-fraud strategy (AFS) since 2014, on the basis of the methodology provided by OLAF. It was last updated in 2018. The current strategy is risk-based. It covers the years 2017-2020. Chafea anti-fraud strategy is implemented in accordance with an action plan. 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. Twice a year a special report is submitted to the Agency management, the main aspects being reported to the Steering Committee. In line 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. The annual assessment of fraud risk conducted in 2019 will be the base for the update in 2020, in line with the OLAF guidelines. The update will be sent to OLAF for review.

The objectives of Chafea anti-fraud strategy are being achieved by means of twelve large-scope actions. The actions include such measures as e.g. 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.

By the end of 2019, eight comprehensive actions were fully implemented. Two actions were implemented to more than 50% and their implementation is ongoing. Two actions (coordination with DGs) became redundant taken into consideration the new Commission AFS, in particular creation of cross-DGs subgroups within the Commission Fraud detection and prevention network.

In 2019, Chafea took steps to develop and deepen the results achieved in the previous year: the anti-fraud officer and the anti-fraud contact point were fully operational; awareness of staff about the newly developed procedure for handling fraud cases was ensured through a session with presentation and explanations; contracted auditors were familiarised with the red flags, staff participation in the trainings on ethics and integrity and fraud was continuously monitored. Chafea participated in the meetings of the Commission Fraud prevention and detection network. Internal surveys on fraud awareness and fraud related risks were conducted in the context of ICF assessment, the results analysed and a conclusion made about no significant weaknesses to be addressed.

Moreover, in the context of the risk detection and mitigation, in order to be better prepared for challenges of cyber fraud Chafea undertook, in 2019, a mapping of IT security requirements and controls which should foster protection of confidential and sensitive data.

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. No financial recommendations were received from OLAF. Basing on the above it can be concluded that the anti-fraud controls are present and effective and generate the benefits through preventing both financial and reputational damages to the EU interests.

2. Efficiency = the Time-to-... indicators and other efficiency indicators

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:

Indicator: Time-to-grant (grant management)												
2019	Target	Source of data										
Health programme (HP): average 5.4 months % of grants signed within legal deadline: 97.92 %	100% grants signed within the legal deadline (9.0 months from submission deadline according to FR)	IT system of grant management										
Consumers programme (CP): average 7.2 months % of grants signed within legal deadline: 90.91 %												
Promotion of agricultural products (AGRI): average 7.6 months % of grants signed within legal deadline: 100%												
Indicator: Time-to-inform applicants (grant management)												
2019	Target	Source of data										
Health programme (HP): average 2.6 months % of applicants informed within legal deadline: 100 %	100 % applicants informed within the legal deadline (6.0 months from submission deadline according to FR)	IT system of grant management										
Consumers programme (CP): average 3.6 months % of applicants informed within legal deadline: 100 %												
Promotion of agricultural products (AGRI): average 4.9 months % of applicants informed within legal deadline: 100 %												
Indicator: Time-to-pay (procurement and grant management)												
2019	Target	Source of data										
Health Programme (HP): 99.47 % compliant with legal deadlines <table><tr><th>Legal deadline</th><th>Result</th></tr><tr><td>30 days</td><td>100.00 %</td></tr><tr><td>45 days</td><td>100.00 %</td></tr><tr><td>60 days</td><td>98.15 %</td></tr><tr><td>90 days</td><td>100.00 %</td></tr></table>	Legal deadline	Result	30 days	100.00 %	45 days	100.00 %	60 days	98.15 %	90 days	100.00 %	100% of payments within legal deadline.	SyGMA/COMPASS, CORDA, ABAC
Legal deadline	Result											
30 days	100.00 %											
45 days	100.00 %											
60 days	98.15 %											
90 days	100.00 %											
Consumers Programme (CP): 100.00 % compliant with legal deadlines <table><tr><th>Legal deadline</th><th>Result</th></tr><tr><td>30 days</td><td>100.00 %</td></tr><tr><td>45 days</td><td>100.00 %</td></tr><tr><td>60 days</td><td>100.00 %</td></tr><tr><td>90 days</td><td>100.00 %</td></tr></table>	Legal deadline	Result	30 days	100.00 %	45 days	100.00 %	60 days	100.00 %	90 days	100.00 %		
Legal deadline	Result											
30 days	100.00 %											
45 days	100.00 %											
60 days	100.00 %											
90 days	100.00 %											

Promotion of Agricultural Products (AGRI): 98.88 % compliant with legal deadlines <table><tr><th>Legal deadline</th><th>Result</th></tr><tr><td>30 days</td><td>100.00 %</td></tr><tr><td>45 days</td><td>100.00 %</td></tr><tr><td>60 days</td><td>97.50 %</td></tr><tr><td>90 days</td><td>100.00 %</td></tr></table>	Legal deadline	Result	30 days	100.00 %	45 days	100.00 %	60 days	97.50 %	90 days	100.00 %	100% of payments within legal deadline	SyGMa/COMPASS, CORDA, ABAC
Legal deadline	Result											
30 days	100.00 %											
45 days	100.00 %											
60 days	97.50 %											
90 days	100.00 %											
Better Training for Safer Food (BTSF): 100.00 % compliant with legal deadlines <table><tr><th>Legal deadline</th><th>Result</th></tr><tr><td>30 days</td><td>100.00 %</td></tr><tr><td>45 days</td><td>100.00 %</td></tr><tr><td>60 days</td><td>100.00 %</td></tr><tr><td>90 days</td><td>100.00 %</td></tr></table>	Legal deadline	Result	30 days	100.00 %	45 days	100.00 %	60 days	100.00 %	90 days	100.00 %	100% of payments within legal deadline	ABAC
Legal deadline	Result											
30 days	100.00 %											
45 days	100.00 %											
60 days	100.00 %											
90 days	100.00 %											
Total Operational budget 99.63 % compliant with legal deadlines <table><tr><th>Legal deadline</th><th>Result</th></tr><tr><td>30 days</td><td>100.00 %</td></tr><tr><td>45 days</td><td>100.00 %</td></tr><tr><td>60 days</td><td>98.91 %</td></tr><tr><td>90 days</td><td>100.00 %</td></tr></table>	Legal deadline	Result	30 days	100.00 %	45 days	100.00 %	60 days	98.91 %	90 days	100.00 %	100% of payments within legal deadline	SyGMa/COMPASS, CORDA, ABAC
Legal deadline	Result											
30 days	100.00 %											
45 days	100.00 %											
60 days	98.91 %											
90 days	100.00 %											
Administrative budget 99.90 % compliant with legal deadlines <table><tr><th>Legal deadline</th><th>Result</th></tr><tr><td>30 days</td><td>99.90 %</td></tr><tr><td>45 days</td><td>100.00 %</td></tr><tr><td>60 days</td><td>100.00 %</td></tr><tr><td>90 days</td><td>100.00 %</td></tr></table>	Legal deadline	Result	30 days	99.90 %	45 days	100.00 %	60 days	100.00 %	90 days	100.00 %	100% of payments within legal deadline	ABAC
Legal deadline	Result											
30 days	99.90 %											
45 days	100.00 %											
60 days	100.00 %											
90 days	100.00 %											

Indicator: % budget implementation: commitments and payments with respect to budget appropriations (operational and operating budget) ⁴⁴		
Operational budget		
2019	Target	Source of data
Health programme (HP) 100.00 % commitments 100.00 % payments	100% (commitments and payments)	ABAC/Budget implementation reports
Consumers programme (CP) 100.00 % commitments 100.00 % payments	100% (commitments and payments)	ABAC/Budget implementation reports
Promotion of Agricultural Products (AGRI) 100.00 % commitments 100.00 % payments	100% (commitments and payments)	ABAC/Budget implementation reports
Better training for safer food (BTSF) 100.00 % commitments 99.89 % payments	100% (commitments and payments)	ABAC/Budget implementation reports
All programmes combined together 100.00 % commitments 99.99 % payments	100% (commitments and payments)	ABAC/Budget implementation reports

⁴⁴ Comprises all commitments levels 1 and 2.

Operating budget		
2019	Target	Source of data
99.84 % commitments 80.68 % payments	100% (commitments and payments)	ABAC/Budget implementation reports

Indicator: Estimated residual error rate in financial transactions		
2019	Target	Source of data
Health programme: 2.31 % Consumers programme 0.82 % Agri promotion: 0.62 %	Below the materiality criteria of 2%	Ex-post audit

Initiatives to improve the efficiency of controls

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 purposed an inter-institutional task force on simplification was set up of representatives from Chafea and its parent DGs);
- introduction and implementation of a risk-based control strategy on payments of grants, with a strong focus on time-to-pay indicator;
- putting in place managerial supervision according to a plan based on established needs for 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: two grants with higher risk in terms of the beneficiaries' financial capacities or financial accountability systems were put onto the reinforced monitoring;
- monitoring of sensitive posts using the analysis and inventory of the sensitive functions, and conducts mitigating actions.

3. Economy = the cost of controls

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 2019, 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 3.58 million, which amounts to 1.78 % of the total commitments/payments appropriations out of the delegated operational budget implemented in 2019. The costs of controls within procurement management is calculated in EUR 2.88 million which amounts to 2.96 % of the total commitments/payments appropriations out of the delegated operational budget implemented in 2019 (see Annex 4 for further information). Consequently, the total costs of controls in 2019 are estimated at EUR 6.46 million which makes up of 2.16 % of the commitments/payments appropriations authorised in 2019 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.

Assessment of non-quantifiable benefits of controls

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 of controls

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 (see Annex 4 for detailed calculation).

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 (see Annex 4 for detailed calculation). The quantitative benefits of the controls in 2019 are expressed as the relation of the costs of controls in both grant and procurement management towards the total identified material benefits.

	Cost of controls	Quantifiable benefits of controls	Cost-effectiveness ratio
<i>Grants</i> ⁴⁵	EUR 3,580,112	EUR 9,987,449	1 : 2.8
<i>Procurement</i>	EUR 2,881,572	EUR 2,602,148	1 : 0.9
<i>Total</i>	EUR 6,461,684	EUR 12,589,597	1 : 1.9

Evolution of the ratio costs of controls/overall funds managed

	2015	2016	2017	2018	2019
<i>Grants</i>	4.6 %	3.8 %	2.6 %	1.7 %	1.8 %
<i>Procurement</i>	4.5 %	3.0 %	1.4 %	4.0 %	3.0 %
<i>Total</i>	4.5 %	4.0 %	4.0 %	3.0 %	2.2 %

Evolution of the control cost-effectiveness in quantifiable terms

	2015	2016	2017	2018	2019
<i>Grants</i>	1 : 1.06	1 : 2.8	1 : 5.1	1 : 1.5	1 : 2.8
<i>Procurement</i>	1 : 4.2	1 : 4.7	1 : 6.5	1 : 0.8	1 : 0.9
<i>Total</i>	1 : 1.6	1 : 2.8	1 : 5.6	1 : 1.2	1 : 1.9

The conclusion about the cost-effectiveness of controls in 2019, suggests that a considerable part of the work aims at preventing possible errors is done in the course of internal control procedures, in particular for procurement, and through ex-post controls (for grants). This leads to a sensitive decrease in 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 figures, it can be stated that overall, during 2019, the controls carried out by the Agency for the management of the budget appropriations were cost-effective.

⁴⁵ 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".

Overall conclusion table

	ICO indicators available at this level?	Independent info from auditors (IAS, ECA) on assurance or on new/overdue critical recommendations available?	Any reservation?
<i>Health programme (HP)</i>	• Multiannual detected error rate • Various indicators on legality and regularity of the transactions (see Annex 10)	• IAS follow-up of 2015 audit (see 2.1.2 for details) • No new or overdue critical recommendations	No
<i>Consumers programme (CP)</i>	• Multiannual detected error rate • Various indicators on legality and regularity of the transactions (see Annex 10)	• N/A	No
<i>Better training for safer food (BTSF)</i>	• Multiannual detected error rate • Various indicators on legality and regularity of the transactions (see Annex 10)	• N/A	No
<i>Promotion of agricultural products (AGRI)</i>	• Multiannual detected error rate • Various indicators on legality and regularity of the transactions (see Annex 10)	• IAS conclusions on the state of internal control in Chafea on the basis of 2017 audit (see 2.1.2 for details) • No new or overdue critical recommendations	No

2.1.2 Audit observations and recommendations

This section sets out the observations, opinions and conclusions reported by auditors – including the limited conclusion of the Internal Auditor on the state of internal control. Summaries of the management measures taken in response to the audit recommendations are also included, together with an assessment of the likely material impact of the findings on the achievement of the internal control objectives, and therefore on management's assurance.

The Agency is audited by both internal and external independent auditors, in particular the Commission internal audit service (IAS) and the European Court of Auditors (ECA). DG BUDG assesses the risk of internal control weaknesses in local systems.

IAS audits and recommendations

Chafea was not audited by the IAS in 2019. However, the IAS performed follow-up work as follows.

IAS follow-up audit of Health programme

In 2019, IAS finalised follow-up on the implementation of the two remaining recommendations made following the 2015 audit on the management of grants

and procurement under the 3rd Programme on Public Health⁴⁶. The open parts of the recommendations concerned the specification of reinforced controls, at the time of payment, over the project beneficiaries receiving also operating grants (controls aimed at preventing double-funding), and decisions on pre-financing rates and their relation to the beneficiary's financial viability. IAS concluded that in view of the measures already in place, risks had been significantly reduced and therefore, taking into account the cost-effectiveness of controls and Chafea's acceptance of the remaining residual risks, the recommendation was assessed as sufficiently implemented.

Outstanding recommendations

In 2019 Chafea reported the implementation of the remaining parts of one recommendation stemming from the 2017 audit. This recommendation concerned Chafea's management and control system for the implementation of the measures for the promotion of agricultural products.

IAS conclusions on the state of internal control in Chafea

The Internal Audit Service, in its report for the contribution to the 2019 Annual Activity Report process, concluded that based on all work undertaken by the Internal Audit Service in the period 2017-2019, the internal control systems in place for the audited processes were effective⁴⁷.

ECA audits

The ECA annual audit on the 2018 accounts and underlying transactions of Chafea took place beginning-April 2019. The resulting opinions issued by ECA confirmed that "revenue underlying the accounts for the year ended 31 December 2018 is legal and regular in all material respects" and "payments underlying the accounts for the year ended 31 December 2018 are legal and regular in all material respects". The only observation made by ECA concerned the formalisation of the management of the external consultants' services provided on the agency's premises. Shortly upon the audit preliminary observations were issued Chafea took a number of steps, which led to the liquidation of the omissions and clarity of the relationships between the contracting authority and the contractors.

External 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

⁴⁶ 2015 IAS audit of grant management under the 3rd Public Health Programme and the 3rd Consumers Programme.

⁴⁷ The assessment was based on all work undertaken by the Internal Audit Service in the period 2017-2019, namely, the audit on CHAFEA's management and control system for the implementation of the measures for the promotion of agricultural products (2017) and taking into account that: i) the management has accepted all the recommendations issued in 2017-2019; ii) the management has adopted action plans to implement all the accepted recommendations and the IAS considers that these action plans are adequate to address the residual risks identified by the auditors; iii) the implementation of these action plans is monitored through reports by management and follow-up audits by the IAS; iv) the management has assessed a number of action plans as implemented which have not yet been followed up by the IAS. Cfr: Ares(2020)964022.

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 due to its small size and its diversified portfolio of programmes. The report contains five recommendations targeted at Chafea and the Commission, concerning in particular the agency role in certain processes, measures on further simplification, strategic management of human resources, annual planning of the programmes delegated by DGs to Chafea, transfer of knowledge from Chafea to DGs.

In a close cooperation, Chafea and the parent DGs drafted an action plan addressing the recommendations. In the course of 2019, Chafea provided contribution to the implementation of the planned activities, especially in the area of knowledge sharing with the parent DGs, proposing measures on better annual programming, engaging itself intensively in simplification and increasing efficiency of processes. In the area of HR a considerable progress Chafea made towards achieving the staff engagement target was confirmed by the last staff survey results.

2.1.3 Assessment of the effectiveness of internal control systems

The Commission has adopted an Internal Control Framework based on international good practice, to ensure the achievement of its policy and management objectives. Compliance with the internal control framework is a compulsory requirement.

Chafea uses the organisational structure and the internal control systems suited to achieving its policy and internal control objectives in accordance with the internal control principles and has 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. The continuous assessment of the internal control functioning is implied into every day operations such as e.g. controls over transactions, human resources, IT, assets, communication. The periodic assessment of the internal control system is subject to the managerial supervision and governance and is conducted by the management at least twice a year on the basis of the special reports provided in the middle of the year and after the annual assessment. Along to this semi-annual reporting an overview of the internal control related matters is given quarterly to the Steering Committee in the context of the quarterly reports.

Chafea has assessed its internal control system during the reporting year and has concluded that it is effective and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to standards of IT matters, HR management and

communication⁴⁸. Details on the various components on the control system are reported in Annex 11.

2.1.4 Conclusions on the assurance

This section reviews the assessment of the elements already reported above (in Sections 2.1.1, 2.1.2 and 2.1.3), and the sub-conclusions already reached. It draws an overall conclusion to support 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

Calculation of residual error was possible based on ex-post audit reports available in January 2020. 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 the results of ex-post audits available in 2019 (which includes the ones from the 2018 ex-post cycle). Two reports under the Health Programme still not closed in previous year are also included⁴⁹. Other data for the RER calculations are the multi-annual data thus the general approach is consistent with that used in previous years. The resulting average residual error rate amounted to 2.31 % for Health programme and 0.82 % for Consumer programme. No reservation has been made for the Health programme, for which the materiality threshold is above 2.0 %, in the view of application of the *de minimis* rule⁵⁰.
- For the programme generation 2014-2020 detected error rates were calculated on the basis of the results of ex-post audits available in 2019. Conservative calculation of the detected error⁵¹ gave the rate of 0.82 % for Health programme, 0.25 % for Consumers programme and 0.62 % for the Promotion of agricultural products programme.

Efficiency and cost-effectiveness

⁴⁸ This includes: standards in documenting procedures and in external communication, internal communication weaknesses, role and awareness of the confidential counsellor, protection of sensitive information and IT security, quality of data.

⁴⁹ Final stages of the assessment are still ongoing, provisional maximum recovery amounts have been considered.

⁵⁰ On the basis of the *de minimis* rule, reservations are no longer needed if the scope is < 5% of total payments and the exposure is < 5 mEUR. The 2008 – 2013 Health programme is coming to conclusion, with 0.76 mEUR of payments made during 2019. In terms of scope, this represents about 0.7 % of the total operational payments made by Chafea during 2019, so less than 5 %⁵⁰. The exposure, calculated by applying the residual error rate to the relevant expenditure (4.65 mEUR), amounts to 0.11 mEUR, so less than 5 mEUR. See Annex 4 for more details.

⁵¹ Reporting based on available finalised and draft audits.

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 99% of individual payments while the average payment times remained well within the legally prescribed time limits.

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 recommendations; one important recommendation remaining after the 2017 IAS audit of the Promotion of agricultural products was implemented in due time (mid-2019) and the implementation record was submitted to IAS for review.

The exception register indicates through the past three years one repetitive error of late financial commitments in administrative budget. However the deviations of this kind related to inter-service SLAs with no practical risk resulting. Measures were taken to prevent such occurrences in future.

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

The overall assessment of the internal control system concluded that all the internal control principles are present and functioning and the identified weaknesses are of minor severity not likely to have a bearing on the content of the annual declaration of assurance.

Therefore, 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 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.

2.1.5 Declaration of Assurance

The following page entitled "Declaration of Assurance" is a standard mandatory text. The Director, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance, without reservations.

DECLARATION OF ASSURANCE

I, the undersigned,

Executive Director of 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 view⁵².

*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 and on the information
at my disposal, such as the results of the self-assessment, ex-post controls, the
work of the Internal Audit Service - delete this if not applicable and the lessons
learnt from the reports of the Court of Auditors for years prior to the year of this
declaration.*

*Confirm that I am not aware of anything not reported here which could harm the
interests of name of Consumer, Health, Agriculture and Food Executive Agency or
those of the Commission.*

Luxemburg, March 2020

.....

(signature)

Veronique Wasbauer

⁵² True and fair in this context means a reliable, complete and correct view on the state of affairs in the Executive Agency.

2.2 Other organisational management dimensions

This section covers also the internal organisation components. For an extensive reporting on all components, please refer to Annex 2.

2.2.1 Human resource management

During 2019, Chafea continued implementing the 2016-2020 Chafea HR strategy drawn that intends to modernise the Agency's HR management. Out of the 34 actions listed in the action plan during 2019⁵³, 20 were finalized by the end of 2019 and most of the other actions are well advanced and implemented on a recurrent basis.

The 2018 Staff Survey (results obtained in 2019) showed a significant increase of the staff satisfaction, engagement and well-being in Chafea highlighting the positive impact of the actions taken under the 2016-2020 Chafea HR strategy. However, the survey revealed also some areas where some improvements are necessary. To tackle these weaknesses, Chafea prepared in collaboration with the EC Directorate General Human Resources and Security (DG HR) a new action plan with a series of additional actions that should help improving these parameters before to the next staff survey end of 2020.

In this context, Chafea concentrated, in particular, on improving internal communication. A new intranet and the first integrated Manual of Procedures were developed and launched to facilitate better access to information and better support to staff in the daily management.

Some HR actions initiated or reinforced by Chafea over 2019:

- Training: the Chafea Legal team organised an important number of training sessions in order to inform and train staff on subjects like Procurement, Data Protection, and Fraud, among others. Trainings on project management (PM²) and related certification were provided to the majority of Chafea's Project Officers and other job profiles.
- Coaching for Managers: during 2019, all Chafea's Head of Units and Team Leaders had the possibility to be coached and mentored. Chafea provided 15 hours of coaching sessions to each manager.
- Support on career development: one staff passed from Contract Agent to Temporary agent. Furthermore, Chafea continually encourages and invites staff members to be tested by EPSO, and to internal selection procedures. Internal mobility at Chafea was also demonstrated during 2019, were 4% of staff changed job between units.
- Policy on harassment prevention: a reserve list of Confidential Counsellors for executive agencies was finalized and trainings were organised in cooperation with the coordinator, EASME, in order to train the successful candidates. Once candidates finalize their trainings, the new Chafea Confidential Counsellor will be appointed.
- In line with this policy, the Chafea Intranet section on harassment prevention was updated in a more user-friendly way, and internal trainings were organised in order to create awareness among Chafea colleagues.

⁵³ During 2019 some more actions were added to the existing plan to take into account the results of the Staff Survey and the recommendations of the Health, Safety and Security Committee.

- Work/Life balance: Chafea continued to create better conditions for teleworking. In 2019, >39 % of the Chafea staff was teleworking one or two days/week. Parental leave is continuously facilitated to staff members.
- Welcome package: a self-explanatory Welcome Guide was put in place in order to ease and inform new colleagues on their daily work and life at Chafea.
- Internal communication: staff meetings with the Agency's Director were organised after each Steering Committee meeting in order to facilitate the exchange of information and ideas.
- Staff Committee: a new Chafea Staff Committee was appointed, following the process of the staff committee election.

In addition, a number of different HR actions and results were achieved that belong to Chafea's Human Resources:

- Chafea ended 2019 almost fully staffed (98.6 % occupancy rate on 31/12/2019, 75 out of the 76 allocated positions). This was due to new selection procedures to facilitate and speed up the recruitment of Project Officers.
- The Appraisal/Reclassification exercise was finalised for the first time before the summer break.
- High satisfaction from the staff for the client-oriented approach that Chafea HR has provided.

2.2.2 Information management aspects

Data protection

In 2019 Chafea made significant efforts in order to ensure the proper implementation of Regulation (EU)2018/1725. Raising awareness and knowledge on privacy and data protection with an emphasis on individual rights, together with full transparency towards those whose data is processed were main priorities.

In this context, a data protection plan was established and the following actions were performed accordingly. First, Chafea updated the data protection inventory in order to ensure the ability of Chafea to demonstrate its compliance with the changes in the new privacy and data protection rules. In line with it, all data protection notices were revised and subsequently published on Chafea's website. As far as the model contracts are concerned, Chafea adjusted the contract provisions in order to align them with the requirements of the new regulation. New guidelines were adopted, namely the procedures for handling data subject access requests and for dealing with data breaches. Finally, Chafea continued investing in awareness by conducting several information sessions on data protection among the staff.

IT

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

In 2019 the strategic projects were defined:

- Migration of the Agency's infrastructure to Windows 10, Office 2016 and the corporate infrastructure ITIC: the projects were completed, except for the ITIC migration (postponed to 2020 due to unavailability of the ITIC services).
- Data Quality improvement (assessment of the main Agency's reports and current applications and databases to identify the weakest elements in terms of risk of bad quality and propose solutions to their improvement): the project started focusing on the Annual Activity Report in collaboration with the persons in charge to contribute to the AAR. Specific attention has been dedicated to the re-organisation of data retrieval and automation of the reports.
- Security procedures (review of the procedures related to security of the infrastructure and protection of sensitive information): a security assessment on sensitive information (definition of roles, physical security, access rights, access to physical documents, etc.) managed in the Agency started focusing on the Calls for Tenders procedure.
- The Programme Database (review of the Project Database for improving the content and extend it to all Agency's Programmes using new technologies) was temporarily stopped for making an analysis of possible corporate solutions to be used as an alternative.
- The BTSF Academy project created the opportunity to explore the cloud solutions with the collaboration with DIGIT. The IT Team provided support on administrative matters.

In the framework of the eProcurement project launched by the Commission, Chafea started managing the Calls for Tenders' openings using the eSubmission corporate tool. In the meantime, the on-boarding of the new PPMT corporate tool (for managing the whole Call for Tenders cycle until the signature of the contract) was completed.

Chafea participated actively to the several corporate Working Groups linked to the eGrants, eProcurement 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.

2.2.3 External communication activities

Chafea external communication and dissemination activities focus on the "information necessary to, and resulting from, the execution of the programmes" it manages.

In its communications the Agency targets programmes beneficiaries, potential applicants and other programmes stakeholders, using direct channels and relevant multipliers, though paying attention to remain accessible to the EU citizens broader public.

To secure its contribution to a positive public perception of the EU, Chafea cooperates on a permanent basis with its parent DGs, its communication plans and actions are aligned to the parent DGs wider communication strategies and DG COMM recommendations and guidance,

Chafea external communication reflects the variety and peculiarities of each programme entrusted to the agency. It ranges from the promotion of EU funding available, to the dissemination of projects outcomes and results, including the

publicity of calls and guidance, the promotion of cross-border networking, and more, with a constant eye on expanding the outreach of the programmes to new potential beneficiaries and stakeholders.

Throughout 2019, Chafea Communication network has supported synergies between programmes and procurement optimization at agency level. In line with the Commission Communication Network guidance, the use of corporate communication indicators has been integrated since January 2019, though programmes and projects may use additional and more specific KPIs.

Details on the communication activities by programme and some key performance evaluation information are presented in Annex 2.