



European
Commission

Annual Activity Report 2020

Consumer, Health, Agriculture and Food
Executive Agency (CHAFAEA)

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THE AGENCY IN BRIEF

Agency

The "Consumer, 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. In the context of the delegation of the EU 2021-2027 programmes to Executive Agencies, the Commission proposed on 29 April 2020 the closure of Chafea, and the transfer of its tasks to Brussels based agencies with effect from the 1 January 2021³. This approach was confirmed by the College on 11 November 2020 and the date of closure deferred to 31 March 2021⁴.

Programmes

In close cooperation with the responsible Directorates General (so called parent DGs) of the Commission, Chafea is responsible for the implementation of 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 the most challenging health-related issues such as e.g. chronic and rare diseases, anti-microbial resistance and health technology assessment (parent DGs: DG SANTE and DG GROW);
- [The Consumer programme](#), with actions targeting safer products and market surveillance, assistance to consumers on cross-border issues, education and information initiatives as well as providing data to support policy (parent DG: DG JUST);
- [The Better training for safer food initiative \(BTSF\)](#), well-known for promoting European food safety standards in the EU and worldwide, through training activities organised 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

Chafea aims to become 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

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

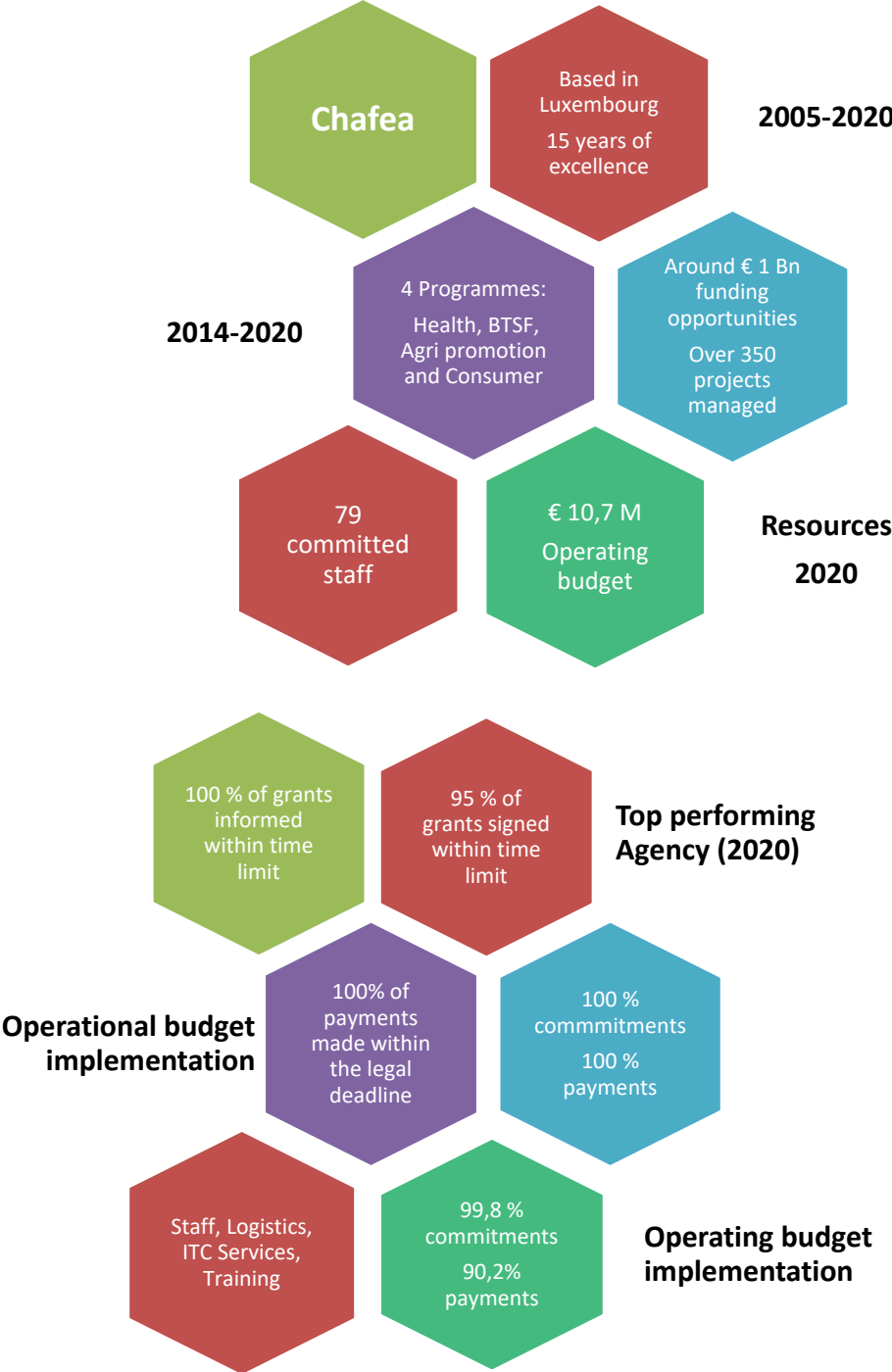
2 Commission Decision 2013/770/EU of 17 December 2013.

3 Communication to the Commission C(2020) 2880 final of 29 April 2020 on Delegation of the management of the 2021-2027 EU programmes to executive agencies

4 Communicaton to the Commission C(2020) 7876 final of 11 November 2020 on Delegation of the management of the 2021-2027 EU programmes to executive agencies

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. Focus on results, better assessment and communication at project level, streamlining procedures to achieve greater simplification and efficiency are at the hearth of the strategy to pursue our goals. Chafea values its people, the trust-based partnership and exchange of information with all stakeholders, and continues to invest in knowledge and competence.

Chafea in numbers



Governance and organisation

Chafea ensures that the budget entrusted to its activities is allocated and spent in accordance to the principles of performance and sound financial management. This applies to both the administrative budget (EUR 10.7 million in 2020) and the budget devoted to the implementation of the programmes through grants and procurement (EUR 180 million in commitment appropriations and 115 million in payment appropriations in 2020).

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.

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 in 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.

Challenges

Chafea faced two major challenges in 2020: the adaptation of the working methods and project management due to the Covid-19 pandemic crisis and the organisation of the transition towards the transfer of its activities and posts to Brussels based executive agencies, planned end 2020, then first quarter 2021.

Despite the impact of the aforementioned events, the implementation of the 2020 work programme, apart from some hindrances and the delay of some activities, was ensured in the best possible way.

The growth and development path of the agency outlined in the work programme 2020 in view of a possible broader mandate in the context of the Multiannual Financial Framework (MFF) 2021-2027 was slowed down to devote the maximum effort to organize and implement the transition process. Ensuring a smooth and efficient transition required huge efforts in addition to regular work, especially in the second half of the year, covering the three main strands of the process: the management of human resources dimension, the transfer of the operational programmes to the successor agencies and the administrative phasing out. This work implied a close cooperation with the Commission central services (DG HR, SEC GEN, DG BUDG), the parent DGs, and the successor agencies, as well as a continuous dialogue with staff committees and trade unions.

EXECUTIVE SUMMARY

This Annual Activity Report is a management report of the Director of the Consumer, 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 constitute 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 Treaties⁵.

A. Implementation of the Agency's Annual Work Programme – Highlights of the year

Health Programme

The 2020 annual work programme (AWP), published on 28 January 2020⁶, outlines the key priority topics and the actions expected to deliver concrete results to the benefit of Member-States, public health professionals and citizens, for the last year of the multiannual 3rd Health Programme's implementation.

At the time of its adoption by the Commission, Covid-19 was an emerging threat, the full scale of which could not have been considered. Most of the actions addressing the impact of the pandemic was then supported by specifically designed financing tools such as the Emergency Support Instrument (ESI), or other Commission actions such as the joint procurement of vaccines. Chafea actively contributed to these efforts by detaching two staff members to the DG SANTE taskforce dealing with the crisis response.

Due to Covid pandemic, Chafea adapted many of its running grants and service contracts to remote ways of providing expected deliverables, through the signature of more than 20 amendments. Chafea also steered relevant running actions (e.g. the joint actions on preparedness and action at points of entry against serious health threats, and on vaccination) to allocate existing resources in support of pandemic mitigation measures. Finally, Chafea launched two calls for proposals on behalf of the parent DG, funded under the ESI on supporting blood establishments for delivering convalescent plasma-based therapies; and on screening of medicines to treat Covid-19 (support clinical tests).

Chafea also contributed to the ex-post evaluation of the 3rd Health programme (development of the tender specifications, evaluation of offers), while it also drafted the Annual Implementation Report (AIR) and Staff Working Document (SWD) of the AWP 2018, adopted by the European Commission in November 2020.

In line with the priorities included in the 2020 AWP, Chafea launched calls for proposals for projects in support of EU countries' health workforce reforms and retention policies; increased vaccination uptake among disadvantaged and difficult to reach groups, as well as

⁵ Article 17(1) of the Treaty on European Union

⁶ C(2020) 368 final, 28.1.2020

stakeholders’ activities against vaccine-preventable activities; the exchange and adoption of best practices in mental health area against depression.

In 2020, the Agency took several initiatives on tobacco control. They include the work of the technical group assessing characterising flavours in tobacco products; strengthened cooperation in tobacco control between interested EU countries; and the functioning of the tobacco tracking and tracing system.

Two high value tenders were signed to foster capacity within a network of EU national reference laboratories antimicrobial resistance (AMR), building on and reinforcing the related activities of the OECD in line with the “One Health Action Plan against AMR”.

Further work was devoted to the mapping, legal analysis and assessment of the EU counties’ rules governing the processing of health data. This action is important to enhance the cross-border exchange and secondary use of health data in the EU, both through a dedicated joint action supporting the secondary use of health data, as well as through Commission legislative initiatives for the creation of an “EU health data space”.

Three direct grant agreements were signed with the OECD, one with the Council of Europe and one with the European Observatory on Health Systems and Policies., which scope includes pharmaceutical products’ safety and accessibility and support to the Council of Europe’s European Pharmacopeia work (see also section 2.2.3.). At the end of 2020 Chafea launched a request for service in support of the impact assessment of the legislation on blood tissues and cells.

The disruption to travel caused by Covid-19 pandemic impacted negatively on communication activities, leading to a reduced set of actions, e.g. remote participation in main public health conferences and production of fact-sheet on funded actions in key health areas.

From a management perspective, Chafea embarked on implementing 2020 priorities while concluding several legacy activities under the AWP 2019: (a) the grants awarded to the European Reference Networks (ERNs)’s patient registries projects (b) The grants awarded to the competent authorities of the EU countries (Joint Actions); (c) The direct grant agreement with UNICEF; and (e) many procurement procedures. The table below provides an overview of the calls and outputs in 2020.

Health Programme 2014-2020 2020 Work programme	Proposals submitted	Proposals selected for co-financing
Grants for multi projects (8 calls – 10 topics)	19	10
Operating grants for NGO or Networks	15	15
Direct grants with International Organisations	4	4 (+2 from 2019 AWP)
Joint actions (MS)	5 (4 from AWP 2020 & 1 from AWP 2019)	3 (from AWP 2019)
TOTAL	43	34

As far as procurement procedures is concerned, 15 procedures were launched in 2020; 7 under the AWP 2020 and 8 under the AWP 2019. Chafea signed 19 service contracts, 4

from the AWP 2020 (all requests for services) and 15 from the AWP 2019 (7 open calls and 8 requests for services). Further to the two AMR contracts mentioned above, Chafea also awarded a contract for the assessment of health care providers who expressed interest to join the existing European Reference Networks (ERNs) for rare disease.

Better Training for Safer Food (BTSF)

Although with many difficulties and to a lesser extent due to the Covid-19 pandemic, in 2020 Chafea continued the implementation of the BTSF initiative, thus contributing to key Commission priorities in the food safety area, notably the farm to fork strategy by enhancing a high standard of consumer protection, animal health and welfare and plant health.

The BTSF initiative contributed to assist EU countries preparing for the situation at Border Control Posts after Brexit. In particular, 82 staff from the Northern Ireland authorities were trained on the new rules to be prepared to cope with Brexit situation.

BTSF activities consisted in face to face training courses, on line workshops and e-learning modules on the BTSF Academy platform. Newsletter editions, the annual activity report and the dedicated website, communicated about BTSF activities.

In 2020, Chafea managed around 43 contracts, providing training courses on various subjects covering the EU legislation in the food safety area. However, due to Covid-19 pandemic all face-to-face courses were put on hold from March onwards. Solution was worked out to convert these courses into virtual classrooms to resume activities as online courses beginning 2021. Furthermore, the new sets of open calls for tender published in 2020, included virtual classrooms beside residential courses to face this situation.

Chafea has continued providing 9 e-learning modules in 5 languages via the BTSF Academy, while working to convert their technology and update their content. The on-line opportunity was particularly appreciated during the first Covid-19 lock-down, where enrolments to e-learning modules increased substantially (38% during first lock down March-June). Overall, in 2020 more than 5192 officials from EU and worldwide countries (+6% compared to 2019) participated in these online trainings, reaching the total of 44464 enrolments from the launch of the Academy in February 2018.

Promotion of agricultural products

2020 marked the fifth year of implementation of the reformed policy for promotion of EU 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 the 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 2020 announcing 9 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 178 proposals from 25 Member States, both calls were over-subscribed. In comparison to 2019 calls, the number of applications increased by 23.6% and the number of member states participating in the applications more than doubled.

43 simple programmes with participants from 11 Member States and with total EU co-financing of EUR 93,962,874 have been proposed to the Commission services for co-financing, and 26 multi proposals with total EU co-financing of EUR 85,662,553 were awarded. Participants from 16 Member States will implement the multi programmes. 76,8% of the budget of the simple call is dedicated to programmes targeting 26 different third countries.

Following the outbreak of Covid-19 which caused market disturbance in several agricultural sectors (fresh fruit and vegetables, dairy products, wine, horticultural products, potatoes for processing), two additional calls for proposals, one for multi and one for simple programmes, were published on 30 June 2020 with a total budget of 5 million EUR per call. The main objective of the calls was to restore normal market conditions in the affected sectors. Despite the short period available for preparation of proposals, 33 simple and 8 multi applications were submitted. 9 simple and 6 multi proposals were awarded co-financing, all targeting the internal market

Promotion of Agricultural products - 2020 Chafea Work Programme	Proposals submitted	Proposals selected for co-financing
Grants for multi programmes – regular call	49	26
Grants for multi programmes – additional call	8	6
Grants for simple programmes – regular call	129	43
Grants for simple programmes – additional call	33	9
TOTAL	219	84

Implementation of Commission's own initiatives was marked by the Covid-19 context as face-to-face interaction became impossible in most target countries. The Agency adapted the activities to a hybrid or digital format and designed innovative ways of reaching out to target audiences. Nevertheless, some events had to be cancelled or postponed, such as participation at international trade fairs, most of which were cancelled or postponed by the organisers.

A successful online seminar was organized on 8-9 October 2020 to present EU production standards to Vietnamese audience. 480 highly qualified participants attended the event remotely: competent authorities, importers, exporters, food distributors, researchers, trade representatives from EU member states. An innovative tool of e-learning capsules was

developed for this event. The event inspired 90 % of the survey respondents to purchase, use, sell or offer more EU food and beverage products in future.

Several communication campaigns were running in 2020 in Canada, China, Japan, GCC region, Mexico, Vietnam and Singapore, and 2 additional ones were in preparation. Two communication campaigns received PR and communication awards: the campaign in China was rewarded four times for its innovative use of social media, while the campaign implemented in the GCC region was rewarded for the quality of its video representing EU food and beverages.

The agency continued to build technical support services by updating its website, preparing newsletters and publishing new market entry handbooks. The aim of the latter is to help 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.

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, by promoting their right to information, to education and to organise themselves in order to safeguard their interests and 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 and achieve these objectives, during 2020 and despite the ongoing Covid-19 emergency, Chafea was dedicated to:

- Implementing grant and procurement actions planned under the 2020 Consumer AWP;
- Continued implementation of the ongoing actions under the previous work programmes.

In the context of the 2020 Consumer Annual Work Programme, Chafea implemented the following grant procedures (including ExO special indemnities procedure):

Consumer programme 2014-2020 2020 Chafea Work Programme	Proposals submitted	Proposals selected for co-financing
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)	4	3
Joint actions with Member States to support access to alternative dispute resolution mechanisms for consumers	28	16
The Exchange of Officials in the context of Consumer Protection Cooperation	8	7 (1 request withdrawn)
TOTAL	71	57

As concerns procurements in the context of the 2020 Consumer Annual Work Programme, Chafea launched two open call procedures for E-enforcement academy II and several requests for services in the following areas: development of coordinated activities by national authorities on market surveillance of dangerous products across the EU⁷ (CASP), market monitoring surveys (MMS) and behavioural studies, organisation of workshop on Consumer Protection Cooperation and organisation of a high-level event - European Consumer summit 2021. The European Consumer Summit 2021 is planned to take place on 15.03.2021 in Portugal. The event will be co-organised by DG JUST, supported by Chafea, with the Portuguese Presidency and aims at bringing together around 600 stakeholders from all European Member States, including policymakers, national enforcement authorities, academia, consumer, business and youth organisations at both, EU and national level to start discussions on the key topics of the New Consumer Agenda.

Certain procurement actions, planned under 2020 AWP, are still not defined, mostly due to Covid-19 pandemic and by DG JUST's needs to refine its policy objectives. The planning of procurement actions foreseen in 2020 AWP was adjusted by DG JUST in November 2020, including the budgetary envelope, in order to enable Chafea to proceed with the implementation of the programme. The Covid-19 emergency also impacted some of the running procurement projects resulting in several contract amendments.

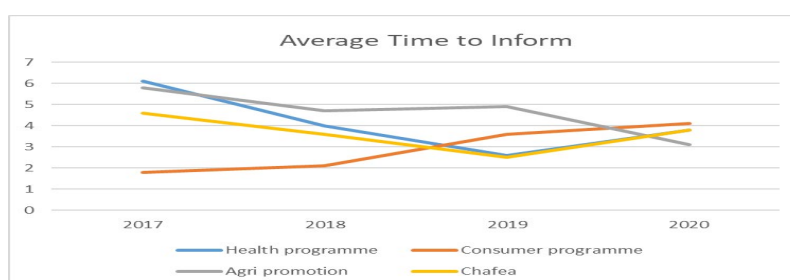
All grant agreements and procurement contracts under 2019 remaining AWP (legacy) were successfully achieved early 2020.

B. Key Performance Indicators (KPIs)

1. Time to Inform (TTI)

Chafea average time to inform in 2020 is within the limits for all the programmes. On average Chafea informed the applicants within 3.8 months, which is far below the time limit set by the Financial Regulation (6 months max). An all-round 100% of applicants informed on time.

Average TTI in months				
	2017	2018	2019	2020
Health programme	6,1	4,0	2,6	3,8
Consumer programme	1,8	2,1	3,6	4,1
Agri promotion	5,8	4,7	4,9	3,1
Chafea	4,6	3,6	2,5	3,8

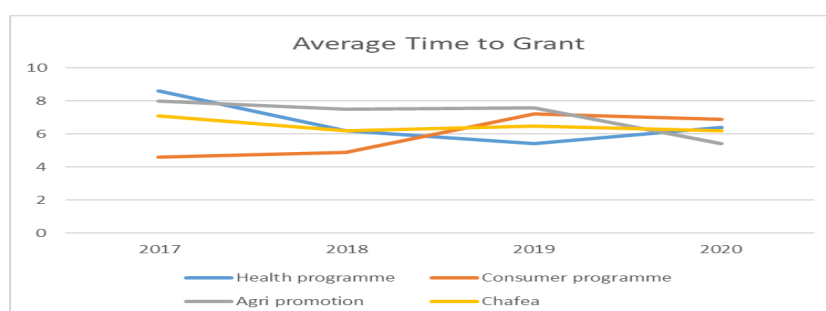


⁷ Directive 2001/95/EC of the European Parliament and of the Council of 3.12.2001 on general product safety (GPSD), including support to the exchanges of EU Member States and EFTA/EEA enforcement officials in the area of consumer safety (CASP).

2. Time to Grant (TTG)

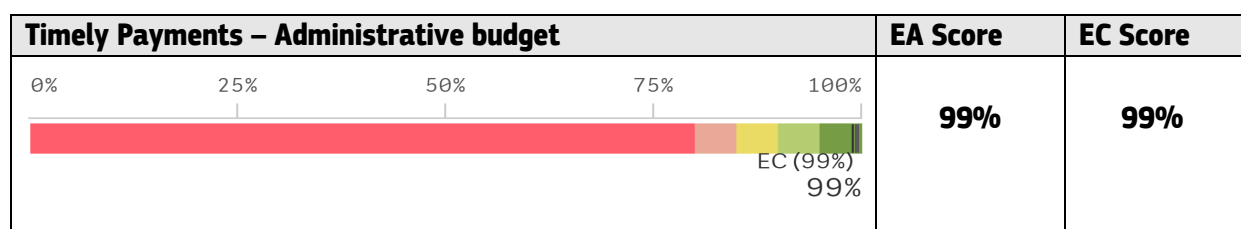
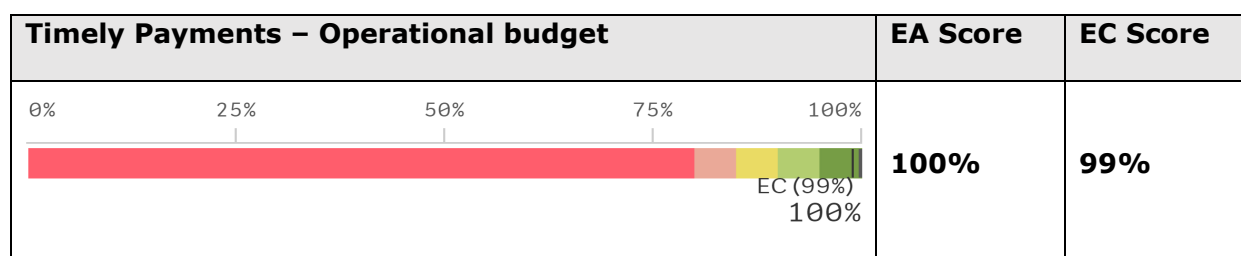
On average Chafea signed the grants from the date of submission of the proposals within 6,2 months in 2020, which is far below the time limit set by the Financial Regulation (9 months max). Overall 95% of grants have been signed within the legal deadline.

Average TTG in months				
	2017	2018	2019	2020
Health programme	8,6	6,2	5,4	6,4
Consumer programme	4,6	4,9	7,2	6,9
Agri promotion	8,0	7,5	7,6	5,4
Chafea	7,1	6,2	6,5	6,2



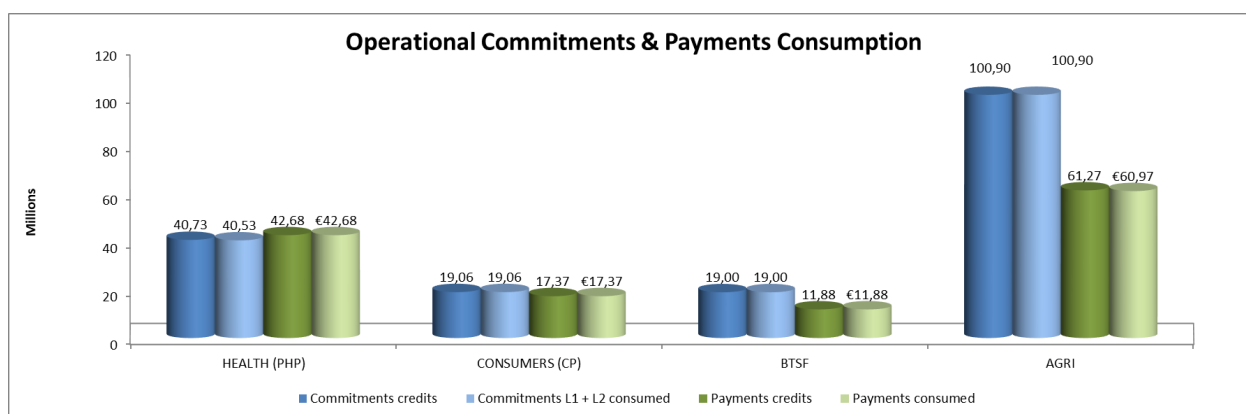
3. Timely payments

The objective to ensure efficient processing of payments within the legal deadlines was achieved confirming the good performance already observed in 2019. The result shows an overall 100% of timely payments for the operational budget and 99% of timely payments for the administrative budget vs EC result of 99% respectively.



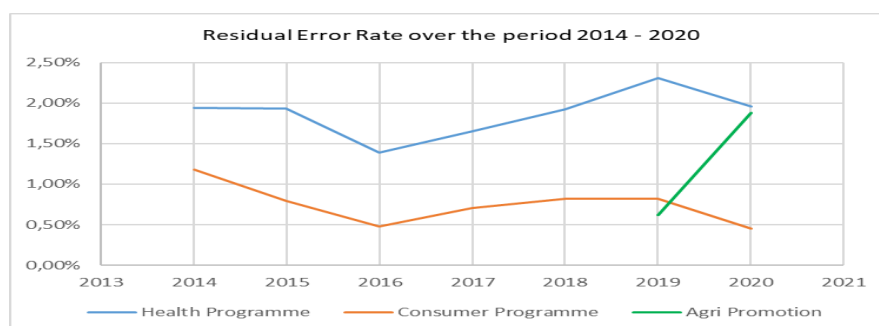
4. Operational Budget Implementation (commitment and payment appropriations)

In 2020, Chafea demonstrates a level close to 100% of operational budget implementation through both commitments and payments credits. Below are the graphs that summarize the data.



5. Residual error rate (ex-post controls)

The residual error rate in 2020 amounts to 1.96% for the Health programme, 0.45% for the Consumers programme and 1.88 % for the Agri promotion.



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, 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.

To ensure the achievement of policy and management objectives, the Commission has adopted a set of internal control principles, based on international good practice. The financial regulation requires that the organisational structure and the internal control systems used to implement the budget be set up in accordance with these principles. Chafea has assessed its internal control systems 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 (1) sensitive information, (2) small number of staff, (3) skills in automated retrieving of data, (4) confidential counsellor. 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 the internal auditor and the European Court of Auditors. These elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives.

In conclusion, the management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Executive Director General, 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(s) on management matters, 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 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.

E. Specific actions on COVID-19

In 2020, Europe was strongly impacted by the Covid-19 pandemic. The Commission has proposed a strong and coordinated response to the health crisis as well as to the impact on Europe's economy and society. Covid-19 has also posed challenges as regards performance, control, audit and assurance in relation to the 2020 EU budget. In an exercise coordinated at corporate level, all Commission services have promoted the consistent and rigorous protection of the EU budget ensuring that appropriate mitigating measures were put in place.

The implementation of the 2020 work programme progressed despite the difficulties caused by the Covid-19 pandemic.

Chafea anticipated as much as possible the launch of the calls for grants during the first part of the year in order to speed up the procedures and finalise the conclusion of grant agreements by the end-of the year. However for most of the calls the application submission date had to be postponed to give beneficiaries more time for the elaboration of the proposals. Despite this drawback, the organisation of calls, evaluation and selection of the proposals progressed for all the launched procedures. Conclusion of a number of grant agreements could be finalised already in 2020, a number of grant agreements are in the preparation and finalisation stage and their signature is scheduled for early 2021.

In procurement, due to the constraints caused by the Covid-19 pandemic a number of calls for tenders were delayed. Chafea, in close contact with the parent DGs, took steps to progress as much as this was possible. The budget for the implementation of projects is secured though global commitments.

In the situation of pandemic some planned face-to face events, such as info-days, had to be cancelled, or put on hold (e.g. officials exchange), others (seminars, training events) were

transferred to the on-line format which allowed the implementation of the on-going projects to progress and achieve objectives.

In operating terms Chafea followed closely the approach and all the instructions of the Commission services. The business continuity plan was updated in response to Covid-19 crisis and continuous communication between management and staff ensured. Adjusted workflows were adopted and guidance issued to ensure uninterrupted management of financial transactions in emergency cases. Chafea also deployed IT support to ensure that all staff members are able to participate in on-line meetings and discussions within Chafea and with Commission services, other executive agencies, and third parties (beneficiaries and contractors). After a short period of adjustment, the business process continued close to usual.

The COVID-19 crisis also had an impact on the level of consumption of several administrative budget expenditures, especially training and mission costs. To optimise the use of the 2020 administrative budget in line with the planned activities, Chafea proposed budget transfers and modifications that were approved by the Steering Committee.

1. IMPLEMENTATION OF THE AGENCY'S WORK PROGRAMME - HIGHLIGHTS OF THE YEAR⁸

1.1 Health programme

In 2020, the Agency supported the Commission (DG SANTE) towards achieving the objectives of the EU 3rd Health programme, by implementing the actions delegated to Chafea under the 2020 and 2019 (legacy) AWP, in order to "complement, support and add value to the policies of the Member States, improve the health of the Union citizens and reduce health inequalities...". 2020 was a very challenging year: even though the financing decision was published in the end of January most of the Health programme stakeholders were heavily involved in the fight against the COVID-19 pandemic in their countries and could not prepare proposals for the calls. This led to several extensions to the initially planned submission deadlines both for the open calls for proposals, as well as for the conclusion of joint actions. Despite these extensions, some calls did not receive any proposals, leading to a re-allocation of part of the budget to other actions.

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

Tobacco control

The health programme co-funds specific actions to implement Tobacco Products Directive (2014/40/EU), such as the Technical Group of sensory and chemical assessors who

⁸ 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.

supports the Independent Advisory Panel in assessing the tobacco products placed on the EU market to determine whether they comply with EU rules on characterized flavors.

ENSP Fact Sheet Series #2/2020: “Ban on Menthol Cigarettes”



Regulating mentholated cigarettes and tobacco products

The EU Member States were the first group of countries to ban placing on the market of mentholated cigarettes in May 2020, making the EU a leader in the tobacco control area.

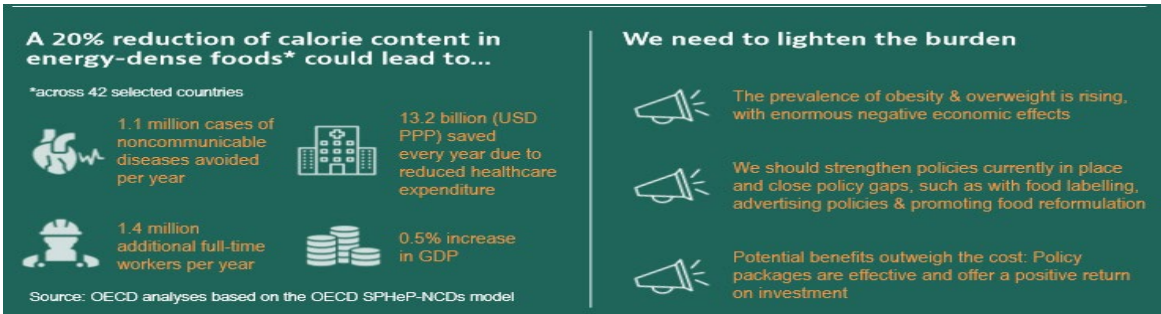
In 2020, Chafea concluded four contracts for the assessment of 19 other types of mentholated tobacco products for EUR 304 000, funded under the Single Framework Contract Chafea/201/ Health/36.

Another area of EU leadership is the EU tobacco tracking and tracing system, supported as an emerging global standard through the direct grant to the [WHO Framework Convention on Tobacco control](#). The development of a set of automatic alerts, exploiting the massive amount of traceability data so as to identify fraud patterns, suspicious behaviours and spot possible fraudsters, is also foreseen⁹. Funds have also been earmarked for the training of EU countries’ staff working on the repositories’ system.

Chafea also contributes to tobacco control area by co-funding stakeholders’ actions, such as non-governmental organisations ([European Network for Smoking Prevention \(ENSP\)](#), [Smoke Free Partnership \(SFP\)](#), [European Cancer Leagues \(ECL\)](#)) and EU countries’ health authorities:

In 2020 the [Joint Action on Tobacco control \(JATC\)](#) produced key deliverables fostering an harmonised implementation of the Tobacco products’ directive across the EU: it mapped the implementation’s state of play across the EU; it conducted a needs assessment identifying the areas of support for national competent authorities; it assessed the laboratory testing capacity of national regulators; it looked at emerging trends and new challenges, such as the electronic cigarettes; it reviewed the system of enhanced reporting of additives; and it developed guidelines both on the technical and legal dimensions for improving data sharing and exchange from the EU-CEG across the Member States.

Nutrition



Several co-funded actions delivered important outputs and tools, justifying the need for public health decision makers to invest in prevention rather than cure. A review of the available evidence for cost-effective prevention interventions has identified the food reformulation as the “best value for money” action to improve nutrition patterns. A service

⁹ The current COVID-19 related restrictions are impacting progress on this work: the contractor cannot access the data room located in the Commission premises

contract was concluded in 2020 to develop a database of nutritional information on processed food and drink products on the market in 16 Member States.

Hosted by the JRC, this database will be the basis of a European Standardized Monitoring system for the reformulation of processed foods. This work is complemented by a second study which will map fiscal measures and pricing policies applied to alcohol and products high in fat, sugar and salt (HFSS), including non-alcoholic beverages.

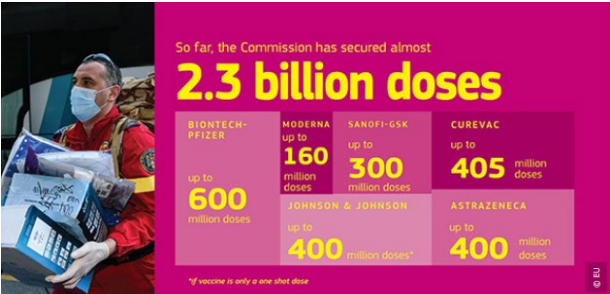
Finally, October 2020 saw also the start of the BestReMap Joint Action (EUR 6 million of EU funding): bringing together the competent authorities of 22 EU countries, it will implement evidence-based, effective health interventions in food reformulation, food marketing as well as in public procurement of healthy food in public settings.

Sharing best practices – taking stock

The Health programme supports the EU countries by means of supporting the identification, exchange and uptake of good practices¹⁰. As of 2020, more than 12 selected best practices are implemented across 75% of the EU countries, in areas such as integrated care; mental health and the fight against depression; nutrition and physical activity; or chronic disease prevention and management, attaining four years in advance the target set by the health programme result indicator (2020 versus target of 2024).

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

Vaccination



Vaccination was already high on the EU political agenda before the emergence of COVID-19; previous work carried out in this areas, e.g. joint procurement, joint action and tenders, demonstrated the added value of EU collaboration in this area.

As the vaccination campaigns are being rolled out in the EU countries, actions funded by Chafea have delivered key complementary outputs as follows.

The tender on an EU citizens’ vaccination card, started in December 2019 (under AWP 2019) has already completed the mapping of existing vaccination cards and the development of three card templates (paper and digital). These take into account different national vaccination schedules; align with EU countries’ Immunisation Information Systems (IIS); and can be used in each individual EU country, as well as across borders. Currently, the

¹⁰ Several of them are identified through the Steering Group on Health Promotion and Disease Prevention (SGPP)¹⁰ which advises the Commission in the selection of best practices according to specific criteria developed with the help of the JRC and makes them available to interested stakeholders through the best practice portal. Others are supported by alternative evidence based methodologies.

proposed templates are tested in a sample of 10 000 citizens/ country across 10 Member States, this pilot testing covering a potential population of more than 200 million citizens.

In addition, interoperability of the proposed templates ensures their seamless connection with the European eHealth Digital Single Infrastructure (eHDSI). Key features of the templates take into account the common minimum data set underpinning the current health data exchange between EU countries; moreover, the templates can support the extension of such data exchange and facilitate the possible uptake of a vaccination certificate in response to the COVID-19 pandemic.

In 2020, the Joint Action on Vaccination focused specifically on vaccine hesitancy and uptake, identified by the WHO in 2019 as one of ten top health threats to global health and included in the Commission's roadmap on strengthening cooperation against vaccine preventable diseases. The action mapped EU countries' policies and practices aiming at maintaining good vaccine uptake; in May 2020, it launched a dedicated database and platform to support authorities in addressing the most prevalent barriers and enablers for optimal vaccination coverage. It also delivered a system of real time monitoring of vaccine-related conversations occurring in social media. This enables to gain a better understanding of the sentiments and opinions of the general public about vaccination; to detect early signals of lowering public confidence; and to prioritize topics for communication, addressing misinformation consisting of interventions tailored towards specific vaccine hesitant communities and user groups.

Health security and COVID-19

Chafea, together with the DG SANTE steered running actions in the area of health security to contribute to the fight against the pandemic. Key examples are the following:

The [Joint Action Healthy gateways](#) supports the coordination among EU countries to improve capacity for combating cross-border health threats at points of entry, including ports, airports and ground crossings. In 2020, (a) it produced an EU application for common digitalised Passenger Location Forms for all transport sectors, as well as the technical support for contact tracing at points of entry; (b) it developed a Model Memorandum of Understanding and other tools supporting the restart of the cruise ship and ferries operations; (c) it delivered interim advice for preparedness and response to cases of Covid-19 at points of entry in the (EU)/EEA countries, guidance and reports for Covid-19 and E-learning courses for points of entry and Covid-19.

In 2020, the network of laboratories under the [Joint Action on Strengthened International Health Regulations and preparedness \(SHARP\)](#)¹¹ collaborated with the European Centre for Disease Prevention and Control (ECDC) [EVD-LabNet \(Emerging Viral Diseases-Expert Laboratory Network\)](#) in ensuring quality control and capacity building for precise diagnostics at an early phase of the pandemic and demonstrated the importance of using laboratory networks as a preparedness and response tool.

¹¹ The JA SHARP supports coordination among EU reference laboratories to prevent, detect and respond to biological outbreaks, chemical contamination and environmental and unknown threats to human health

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

Resilience of EU health systems

It is hard to overstate the scale and impact of the Covid-19 pandemic on Europe's health systems, and the way it tested their resilience and continues to do so. This was clearly acknowledged in November 2020 by both the European Commission and the OECD when they jointly published the first comparative study on how European countries have experienced and responded to the pandemic.

Delivered under the [State of Health in the EU grant](#)¹², the report provides a much-needed preliminary assessment of the effectiveness of European countries' COVID-19 containment and mitigation measures; health systems capacity; testing strategies; measures to protect vulnerable groups; and continuity of care for non-Covid patients. The report provides policymakers with high-quality evidence to draw valuable lessons and serve as a basis to develop more effective policy interventions and build health system resilience in the short and the long term: the report highlighted the need for countries to extend the scale and effectiveness of testing, tracing and isolation policies and reinforce their support for the healthcare sector and workers.

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

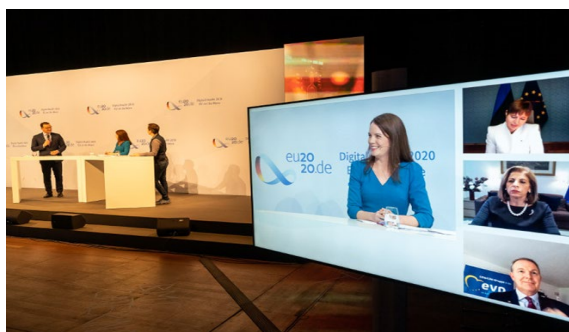
In February 2020, the European Commission presented its Communication on “[A European strategy for data](#)”, including the creation of a common European Health Data Space as an essential tool: (a). To promote better exchange and access to different types of health data (electronic health records, genomics data, data from patient registries etc.); and (b). To strengthen innovation in healthcare delivery (primary use of the data) as well as health research and evidence based health policies (secondary use of data).

Chafea supported this ambitious initiative through two contracts signed in 2020 aiming at mapping out EU countries' practices on health data governance and exchange and at analysing the way that the General Data Protection Regulation (GDPR) is implemented in the health sector in EU countries. The latter includes an overview of the legal and technical modalities applicable to both primary and secondary use of health data and provides recommendations for possible actions to facilitate health data sharing across the EU.

Using this positive dynamic, EU countries' competent authorities have submitted a joint action proposal led by the Finnish innovation Fund (SITRA) under the AWP 2020 (EU co-funding of EUR 2.5 million). It will engage the key actors involved in the design of the forthcoming legislative measures and their future implementation, including both the EU countries authorities as well as the health professionals and other stakeholders.

¹² 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.

The consortium used the preparatory phase of the proposal to map the implications of the Covid-19 crisis on data collection, storage and use. The main conclusion was that the crisis acted as an accelerator to develop the necessary policy for digital innovation. This work was built upon by the German presidency of the Council: it was showcased in the German presidency conference ([High-Level Conference "Digital Health 2020 - EU on the Move"](#)) which took place virtually on 11 November 2020¹³, funded by Chafea under the AWP 2020.



Stella Kyriakides, Commissioner for Health and Food Safety: "The European Health Data Space will be a crucial component of a strong European Health Union. Data saves lives - and we have all seen this during the Covid-19 crisis. It will allow access to health data under a trusted governance and clear rules and support the free movement of digital health services."

By 2025, patients from all Member States should be able to share their data with healthcare professionals of their choice when traveling abroad. Together, we can empower millions of citizens, to digitally increase their access to healthcare, and improve their well-being."

It also features prominently in the [Council conclusions of 10-11 December 2020](#), and is expected to lead to specific legislative initiatives in this area.

The reinforcement of the currently ongoing cross border health information exchange (i.e. patient summary for unscheduled care, ePrescriptions and eDispensations) has also been addressed by a service contract providing training and capacity building to the National Contact Points on eHealth with the first trainings taking place in January 2021.

Health workforce

In 2020, the study "Support for the health workforce planning and forecasting expert network - SEPEN" concluded that 75% of EU countries have health workforce planning systems in place; but that their focus remains limited to planning medical professions (GPs, medical specialists), while an innovative approach would require an enlarged scope of planning, encompassing all five sectoral health professions (physicians, dentists, nurses, midwives, pharmacists).

The tender: (a). Established an expert network on health workforce planning and forecasting; (b). Identified challenges related to planning methods (e.g. data availability and validity, models) as well as policy-related ones (e.g. shortages, imbalances in geographical distribution or skill-mix, mobility, eHealth). (c). Analysed the legal framework of each EU country, providing the main references to decisions, laws and regulations and, when relevant, plans of action for the upcoming years; (d). Disseminated the knowledge and "best in class" tools used by EU countries across the union¹⁴.

This work has its follow-up in 5 projects, which have been awarded under the AWP 2020 call for proposals, to address reforms in the health workforce areas (EUR 2 million) on retention policies, medical deserts and task-shifting.

¹³ https://ec.europa.eu/commission/presscorner/detail/en/IP_20_2049

¹⁴ Link to the country fiches offering an in-depth overview of health workforce planning and policies across the European Union.

Accessible and affordable medical technologies

The accessibility and affordability of medical technologies remains a very challenging area, where national and European authorities are in a continuous effort to keep up with scientific innovation. This is acknowledged under the EU Pharmaceutical Strategy, in particular the objectives as laid down in the [published roadmap](#) to “Ensure greater access and availability of pharmaceuticals to patients” and to “Ensure affordability of medicines for patients and health systems financial and fiscal sustainability”.

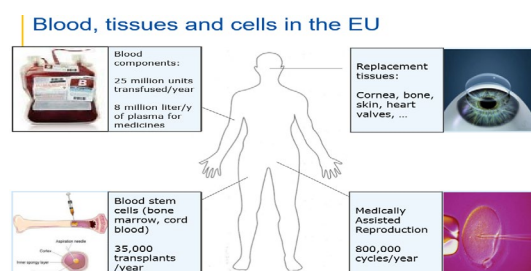
The final report of the grant to the OECD on “Addressing the challenges of access to medicines” (awarded under the AWP 2017) tackled the affordability issue head front, by providing very practical tools such as: (a). A review of best practices for [performance managed entry agreements](#)¹⁵, a key mechanism to support accessibility to emerging and expensive technologies; (b). A technical document on capacity building for negotiations with market operators; and (c). A [review of challenges in accessing oncology medicines](#).

In 2020, Chafea signed a new grant with the OECD which will work on increasing the transparency of pharmaceutical markets, and address issues such as, resource allocation in the R&D-based pharmaceutical industry, competition in on-patent markets, and pharmaceutical expenditure in hospitals and other health care settings. An additional action in this area, under the AWP 2020, is the [open call for tenders](#) for continued support to the EU cooperation in health technology assessment to achieve sustainable and equitable choices in health care and health technologies. The call will be launched in early 2021.

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

Blood, tissues and cells

Chafea launched in December a request for services to prepare the impact assessment of the legislation on blood, tissues and cells (BTC). An [evaluation](#) of this landmark legislation was carried out in 2019, leading to specific recommendations for its revision.



Objectives of the revision:

- Ensure safety and quality for patients treated with BTC therapies, in line with state-of-the-art science, technology and epidemiology
- Optimize access to, and avoid shortages of, BTC therapies thanks to trusted oversight, supply monitoring and emergency planning and preparedness
- Ensure a future-proof framework that facilitates the development of innovative BTC therapies, with robust authorization and use of novel processes.

Antimicrobial resistance

In 2020 Chafea signed two important service contracts targeting Antimicrobial resistance addressing both human and animal dimensions of the problem under the “One Health”

¹⁵ A managed entry agreement (MEA) is an arrangements between firms and healthcare payers that allow for coverage of new medicines while managing the uncertainty around their financial impact or performance

strategy. The first contract addresses antimicrobial-resistant pathogens whose predominant mode of transmission is healthcare-associated. The requested services build on existing work initiated by the ECDC, including the [European Antimicrobial Resistance Genes Surveillance Network \(EURGen-Net\)](#). The second contract addresses antimicrobial-resistant pathogens transmitted through the food-chain, namely *Campylobacter* and *Salmonella* – with surveillance and response capacity building activities.

Additional actions address the issue of stakeholders' engagement: The project HAPPY PATIENT aims to reduce the arbitrary prescription of antibiotics in primary care in the four countries holding the highest positions in the European antibiotic consumption statistics.¹⁶ It engages professionals (GPs, dentists and pharmacists) in diverse settings (outpatient clinics, nursing homes, community pharmacies) as well as patients.

European Reference Networks (ERNs)

In 2020 DG SANTE concluded a new call for expression of interest for healthcare providers (HCPs) wishing to join ERNs. Chafea subsequently launched a request for services to the Independent Assessment Bodies (IABs) to assess the compliance of the HCPs with the criteria included in the relevant EU legislation.

2020 also marked an acceleration of the work on patient registries within the ERNs, in line with the digital innovation priority: EUR 3,8 million were allocated through 19 grants. In addition, Chafea conducted an external review of the results of the first series of grants awarded to 5 pilot patient registry¹⁷ networks and signed two contracts for initiatives in support of the functioning of the ERNs: (a) integrated assessment, monitoring, evaluation and quality improvement system –AMEQUIS; b) support the European Reference Networks' capacity and knowledge sharing through short term mobility and exchanges of HCPs between networks and healthcare providers.

Call for proposals for grants

8 calls for proposals for project grants were launched in order to co-fund EU added value projects related to various areas. Proposals were received to support reforms in the health workforce field (retention of healthcare workers, addressing medical deserts, tasks shifting), the implementation of best practices in the area of mental health (depression), and increased access to vaccination (for newly arrived migrants; for other disadvantaged and difficult to reach groups; for stakeholders' activities against vaccine-preventable disease). A total amount of EUR 8 392 957 has been committed for funding this projects.

In 2020, Chafea signed operating grants and specific grant agreements with 15 organisations having been awarded a framework partnership agreement. Chafea also concluded 4 direct grant agreements, three with the OECD on best practices implementation, patient reported outcomes and on pharmaceutical products' accessibility, and one with the Council of Europe to support the European Pharmacopeia work.

¹⁶ Spain, France, Poland, and Greece

¹⁷ 5 grants were signed in 2017 for EUR 3,5 million

The following four joint actions were also launched in 2020: (a). Strengthening cooperation between interested Member States and the Commission in the area of tobacco control; (b). Support to Member States for the implementation of best practices in the area of mental health; (c). Increasing the capacity of National Focal Points to provide guidance, information and assistance to national applicants on the EU4Health programme and other EU funding instruments; (d). Differences in national implementation of the General Data Protection Regulation (GDPR) in the health sector-Development of a code of conduct for data processing.

Dissemination

The focus of Chafea's dissemination activities was on disseminating the results of the third EU Health Programme and the communication priorities indicated by DG SANTE, namely measures to fight the COVID-19 pandemic, vaccination, cancer, affordable medicines, antimicrobial resistance, medical devices and eHealth.

The Covid-19 crisis prevented all physical meetings and conferences which were planned for 2020; several of these were cancelled altogether while others were replaced by virtual events. For example Chafea organised two sessions and a virtual stand at the (virtual) [16th World Congress on Public Health 2020](#).

Chafea produced and disseminated online info sheets on Cancer, Integrated care, and Substances of Human Origin (SoHO) presenting the actions funded so far under the EU Third Health Programme. Two EU webinars were held to inform stakeholders and potential applicants on the 2020 funding opportunities. Similarly, virtual national info days were organised in Italy and Sweden. One additional info day meeting was organised to inform interested EU countries

In 2020 Chafea published more than 220 news items on its web page (up from over 120 in 2019), many of which were aimed at boosting the visibility of Commission initiatives related to the Covid-19 crisis.

1.2 Better Training for Safer Food (BTSF)

The 'Better Training for Safer Food' (BTSF) is a Commission training initiative covering food and feed, animal health and welfare, plant health and plant protection products legislation as laid down by the EU Regulation 2017/625.

It empowers the Commission to develop training activities for staff of the competent authorities in the EU and in third countries responsible for official controls in the food safety area.

The initiative aims to contribute to a high level of consumer protection throughout the EU internal market and to stimulate trade in safe food across the globe by implementing efficient, objective and adequate official controls.

It contributes as well to reinforcing the EU's role as a relevant international actor, 'A stronger Europe in the world', to build confidence in the EU regulatory model with competent authorities of international trade partners and pave the way for new food

market opportunities and increased competitiveness for the EU operators while ensuring fair trade with non-EU countries and in particular with developing countries.

These objectives are achieved by organising training courses, which are delivered in EU and non-EU countries, targeting the staff of competent authorities dealing with official controls from EU and selected non-EU countries. The courses are organised by external contractors designated through public procurement procedures.

The initiative follows the "train the trainers" principle as participants should disseminate the knowledge acquired from the training amongst their colleagues in their home countries.

In 2020, 41 training sessions of 25 courses were organised from January to March. Due to the evolving Covid-19 pandemic all face-to-face training courses were then suspended from March onwards. To mitigate the impact of Covid-19 pandemic, 9 on line virtual classrooms were organised, using both BTSF Academy and contractors' platform.

Moreover, 8 new calls for tender were published in 2020 requesting to provide virtual classrooms (VC) alongside with the traditional face-to-face (F2F) courses. Furthermore, a solution was found to amend ongoing contracts to allow the conversion of F2F courses into VC or to suspend the contract implementation.

Also the transition of contracts from the first to the second phase could not be implemented as planned, due to the Covid-19 pandemic. Extensions of contract duration of up to 12 months were granted for 8 contracts.

In 2020, BTSF activities have been adapted to go digital following a blended approach of face to face, virtual classrooms and e-learning offer, thus supporting the Commission priority "A Europe fit for the digital age". In addition to the new open calls, including virtual classroom courses, 9 existing e-learning modules have been updated and a new set of 6 modules has been procured via a request for service, with the aim to reach the maximum of staff involved in official controls.

5 sustained training missions (3 day each) were also organised to support the preparedness for Brexit, in the last quarter of 2020, to train 82 staff members from Northern Ireland on EU official controls legislation.

5 on-line training courses were organised, focussed on strengthening the impact of Union overview audits, national experts' assistance for Commission audit and inspection teams, identification of endocrine disruptors, the new legislation on official controls and on animal health.

Since February 2018, Chafea has been managing the BTSF Academy platform. It has now entered into a second stage with the launch of a series of new functionalities intended to provide better governance and easier management of all BTSF training activities. In 2020, more than 5192 officials from the EU and worldwide countries (+ 6% compared to 2019) participated in these online trainings, reaching the total of 44 464 since the launch of the Academy.

During Covid-19 pandemic, the BTSF Academy was one of the few learning options available to food safety official control staff, offering e-learning courses and hosting virtual classroom to convert traditional face to face courses into on-line ones, and has become space where EU MS Officials could connect and improve knowledge on EU food safety legislation. The on-line opportunity was particularly appreciated during the first Covid-19 lockdown, where enrolments to e-learning modules increased substantially (38% during first lock down March-June).

Concerning communication of BTSF activities, in 2020, Chafea continued via the Chafea website and BTSF Academy platform, as well as through 2 editions of the BTSF newsletter, the publication of the BTSF annual report 2019. In addition, Chafea organised 3 info days, 2 of which online due to the exceptional situation caused by the Covid-19 pandemic.

1.3 Promotion of agricultural products

Specific objective: To better reflect consumer expectations

2020 marked the fifth 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 the 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.

Two calls for proposals were published on 14 January 2020 – one for "simple" and one for "multi" proposals. In relation to the calls, Chafea focused its efforts in particular on facilitating the understanding of the rules by proposing organisations by providing guidance documents and organising a helpdesk.

In cooperation with the parent DG, the Agency organised an information day in Brussels on 30 January 2020 with good participation across product sectors and Member States. 257 participants from 24 Member States were present on site. Furthermore, 460 connections to live streaming were made on the day of the event. 40 matchmaking meetings took place between potential applicants looking for project partners. The Agency also participated in 3 info days in Member States organised by the national authorities managing simple programmes.

Following the outbreak of Covid-19 in the EU, call submission deadlines were postponed twice to allow applicants sufficient time for finalization of proposals. By 3 June 2020, Chafea received 129 proposals for simple programmes and 49 proposals for multi programmes. In comparison to 2019 calls, the number of applications increased by 23.6% and the number of member states participating in submitted proposal more than doubled.

43 simple programmes with participants from 11 Member States and with total EU co-financing of EUR 93,962,874 have been proposed to the Commission services for co-financing, and 26 multi proposals with total EU co-financing of EUR 85,662,553 were awarded. Participants from 16 Member States will implement the multi programmes. 76,8% of the budget of the simple call is dedicated to programmes targeting 26 different third countries.

Since the outbreak of Covid-19 caused market disturbance in several agricultural sectors, two additional calls for proposals, one for multi and one for simple programmes, were published on 30 June 2020 with a total budget of 5 million EUR per call. The main objective of the calls was to restore normal market conditions in the affected sectors (fresh fruit and vegetables, dairy products, wine, horticultural products, potatoes for processing). Despite the short period available for preparation of proposals, 33 simple and 8 multi applications were submitted. 9 simple and 6 multi proposals were awarded co-financing, all targeting the internal market.

Highlights:

- *257 participants from 24 Member States attended the info day in Brussels*
- *Compared to 2019 calls for proposals, the number of proposal submissions in 2020 increased by 23.6% and the number of member states participating in submitted proposal more than doubled*
- *Following the outbreak of Covid-19, two additional calls for proposals aiming at restoring normal market conditions with a total budget of 10 M EUR were published. Out of 41 proposals, 15 were approved for co-financing.*

As a result of the two calls for “multi” programmes, Chafea concluded 32 “multi” grant agreements. The promotional campaigns are targeting both internal market and third countries and support the following product sectors: fresh and processed fruit and vegetables, dairy products, honey and beekeeping products, flowers&plants, wine, sheep and goat meat, meat preparations as well as other eligible products.

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 EU pavilions, and other operations aimed at enhancing the image of Union products, in particular communication campaigns and events. 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.

During 2020, those activities were marked by the Covid-19 context, which significantly impacted the execution of planned activities as face-to-face interaction became impossible in most countries targeted by Commission's own initiatives, forcing the Agency to adapt the activities to a hybrid or digital format. In this context, some projects planned to be implemented in 2020 had to be cancelled or postponed to 2021, while others continued with some adaptations to take into account the sanitary context. This was an excellent opportunity to design innovative ways of reaching our target audiences and develop ideas which will be useful also in future.

Events planned in third countries in 2020 included 4 EU pavilions at trade fairs, 1 visit to EU-trade fair for professional buyers and 1 Quality/SPS (sanitary and phyto-sanitary) seminar.

EU pavilions were prepared for the following trade fairs: Foodex (Japan), FHA (Singapore) Alimentaria (Mexico) and SIAL (China). Due to the sanitary context, the fairs were eventually cancelled or postponed to 2021/2022. In the case of SIAL China, participation was cancelled as travel from the EU was not possible. Similarly, a visit of Chinese buyers to SIAL Paris in October 2020 has been prepared and finally postponed as the fair was cancelled. Instead, buyers will be invited to Alimentaria Barcelona in May 2021. Preparations for Gulfood 2021 were halted due as on-site presence of Agency and Commission staff cannot be ensured in the context of restrictions on missions due to the pandemic.

With the aim of improving market access for EU agri-food producers and exporters, an online seminar was organized on 8-9 October 2020 to present EU production standards to Vietnamese audience. 480 highly qualified participants attended the event remotely: competent authorities, importers, exporters, food distributors, researchers, trade representatives from EU member states. The participation was significantly higher than for physical seminars. After the event, 80 % of the survey respondents rated the information received during the seminar as 'good' or 'very good', and 85 % rated the newly developed e-learning capsules as 'useful' or 'very useful'. Finally, the event inspired 90 % of the respondents to purchase, use, sell or offer more EU food and beverage products in future.

9 communication campaigns were running in 2020 and 2 additional ones were in preparation. Communication campaigns in Canada, GCC (Gulf cooperation council) region, Japan and China were on-going and several new campaigns were launched during 2020, notably a campaign in Mexico as well as the 'Asia boost' campaign covering Japan, China, Singapore, and Vietnam and focusing on dairy, meat, olive oil, table olives, fresh fruit and vegetables. At the end of 2020, contractors were requested to submit tenders for the implementation of a communication campaign in South Korea, Thailand and Indonesia, which is planned to be kicked-off in spring 2021. 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 are planned.

The communication campaigns have received multiple PR and communication awards: the campaign in China was rewarded four times for its innovative use of social media, while the campaign implemented in the GCC region was rewarded for the quality of its video representing EU food and beverages.

Moving forward, a contract was signed for organization of promotional activities at Expo 2020 taking place in Dubai, the start of which was postponed to October 2021 due to the sanitary context. The peak of activities is scheduled for January and February 2022 to coincide with the Agriculture and Livelihoods Development Week.

The building of technical support services, which started in 2016, continued in 2020 and contributed to efforts to facilitate the participation of stakeholders in the information and promotion policy. The portal for technical support services was regularly updated, along with the frequently asked questions, the latest of which referred to the impact of Covid-19 on on-going co-financed programmes. Statistics show between 3.700 and 7.500 unique visitors each month and 1655 registered users at the end of the year. The majority of the registered users signed up to receive Chafea newsletters, 8 of which sent during 2020.

Also, as part of technical support services, 4 market entry handbooks for Thailand, South Africa, Malaysia and USA, were produced and published on the Chafea portal with the aim to help 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.

18 market reports currently available on the portal are downloaded approximately 145 times each month, with the highest number of downloads recorded for reports on Vietnam (182), South Korea (171) and Japan (162). An evaluation survey was conducted in August 2020 to evaluate the usefulness of the handbooks with a view to tailoring them even better in future. 94% of survey participants praise the quality and usefulness of handbooks confirming that they represent an important and useful tool for their organization.

Highlights:

- *In spite of the difficult sanitary context throughout 2020, own initiatives continued to be implemented in several regions of the world finding innovative ways of reaching out to target audiences*
- *Communication campaigns in China and the GCC region received multiple PR awards*
- *Market entry handbooks" are highly appreciated, their quality and usefulness are recognized by 94% of the users.*

1.4 Consumer programme

The general objective of the 2014-2020 Consumers Programme, as laid down in Regulation No 254/2014¹⁸, 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

¹⁸ 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.

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-2020¹⁹ 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 2020, the financed actions aimed 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; the 2012 Consumer Agenda, the policy priorities of the Von der Leyen Commission, and the recent evolution in the consumer acquis following the adoption of new EU legislation under the New Deal for Consumers²⁰ proposed in 2018 by the Commission 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 2020, Chafea was implementing grant and procurement actions planned within 2020 AWP, but also continued implementation of the ongoing actions under the previous AWP.

Certain actions planned under 2020 AWP were postponed mostly due to the Covid-19 pandemic and the related need to refine policy objectives. Consequently, the planning of procurement actions foreseen in 2020 AWP was adjusted by DG JUST in November 2020, including the budgetary envelope, in order to enable Chafea to proceed with the implementation of the programme. The ongoing Covid-19 emergency has also impacted part of the ongoing procurement projects resulting in several contract amendments.

During 2020, Chafea contributed to the achievement of the objectives of the Commission through the implementation of the following actions.

Specific objective: Objective I of Regulation (EU) No 254/2014 – Safety

Chafea concluded 2 important specific contracts in the area of consumer product safety (CASP), CASP-Car Seats and CASP-Corona 2020, supporting coordinated activities by national authorities on market surveillance for dangerous products across the EU²¹ and

¹⁹ 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.

²⁰ http://europa.eu/rapid/press-release_IP-18-3041_en.htm

²¹ 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).

aiming 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). These activities are complemented by exchanges of EU Member States and EFTA/EEA enforcement officials in the area of consumer safety.

The procedure for the conclusion of a contract related CASP-2021, targeting a wide range of products, was brought close to finalisation. The products involved in this actions are the following: toys from 3rd country webshops, electric toys, reclined cradles/baby swings/baby walkers, e-cigarettes, RIP-cigarettes and liquids for e-cigarettes/herbal products for smoking (without nicotine, but vitamin E), personal protective equipment (helmets for bicycle/motor cycle, high visibility accessories with LED). In addition, a low value contract was launched aimed at carrying out a technical check of CASP 2019 CBS activity, results expected in 2021.

Specific objective: Objective II of Regulation (EU) No 254/2014 - Consumer information and education and support to consumer organisations

Chafea concluded an important specific contract for provision of Market Monitoring Surveys (MMS) third wave – monitoring the functioning of selected consumer markets, as well as the prevalence of specific practices and problems faced by consumers. In the scope of the mentioned specific contract, the following markets have been surveyed: clothing and footwear, new cars, bank accounts, insurance services, vehicle rental services, recreational services, TV subscription including on demand TV, postal services.

Chafea concluded a contract for the organization of a high-level event - *European Consumer summit 2021* planned to take place on 15.03.2021 in Portugal. It will be co-organised by DG JUST, supported by Chafea, together with the Portuguese Presidency and aims at bringing together around 600 stakeholders from all EU Member States, including policymakers, national enforcement authorities, academia, consumer, business and youth organisations at both, EU and national level to start discussions on the key topics of the New Consumer Agenda.

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 grant (specific grant agreement) for an amount of 2 MEUR co-financing with the *Bureau Européen des Unions de Consommateurs (BEUC)* under an existing framework partnership agreement.

As concerns studies and evaluations in the field of behavioural economics (*Behavioural studies*), Chafea launched the request for service on unfair commercial practices in the digital environment and the procedure is currently at the evaluation stage. The specific contract is expected to be signed early 2021.

AWP 2020 foresees also the conclusion of a contract on *Consumer Education and awareness programme*, including educational tools for schools, addressing teachers, raising the awareness of consumer policy/law and the importance of consumer education. While

the concept for a more strategic approach to consumer education initiatives, announced in the Commission's New Consumer Agenda in November 2021, is still under finalisation at policy level, Chafea is waiting for further input from DG JUST in order to be able to launch the procurement procedure. The same approach will be followed for the organization of events in Member States to promote the Consumer Agenda and on Green pledge.

Specific objective: Objective III of Regulation (EU) No 254/2014–Rights and redress

Chafea 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 under this call, funded with an amount of EUR 0.5 MEUR, are as follows:

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

Chafea received 28 proposals, out of which 16 proposals have been selected to enter into grant preparation phase. The grant agreements will be signed start 2021. The call was a huge success thanks to the simplified application procedure which was presented during the online ADR Info-day held on 22 June 2020 organized by Chafea and which attracted a lot of attention from potential applicants.

The CPC Market study on consumer information on the collection and processing of vehicle-generated data is a project the goal of which is to determine how car manufacturers or licensed car dealers comply with their obligations under EU consumer law as regards the provision of fair, clear and transparent information that enables consumers to make fully informed purchasing decisions in relation to connected cars. This contract is expected to be signed early 2021.

Specific objective: Objective IV of Regulation (EU) No 254/2014– Enforcement

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 – (*ECC Net Grants*). Chafea received 30 applications, 25 grants have been signed by the end of 2020 while the remaining 5 are in the final signatory phase. A budget of 6.95 MEUR has been allocated to this action.

Chafea launched a call for proposals to support CPC authorities and other relevant bodies under Regulation (EU) n° 2017/2394 by co-financing measures (*CPC Grants*) for EUR 0.6 MEUR in one or both of the following priorities: preparing authorities, other relevant bodies and other stakeholders for the Regulation (EU) 2017/2394, staff training, creation of online interfaces and monitoring tools, networking tools including workshops, surveillance, e-

enforcement tools and other enforcement capacities, including purchase of equipment for product testing. Chafea has received 4 proposals, out of which 3 proposals have been selected. The grant agreements will be signed beginning 2021.

The European Commission coordinates the cooperation between Member State 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 authorities or other national authorities or bodies notified to the European Commission for the purposes of Regulation (EU) n° 2017/2394 by a Member State or a third country referred to in Article 7 of the Consumer Programme 2014-2020. The exchanges could take the form of visits, coordination of enforcement or investigations, small workshops and trainings to tackle common issues among enforcement authorities. Chafea received 8 applications, out of which 7 missions/visits were executed. Due to Covid-19 pandemic, the implementation of the exchanges of officials' action has been put on hold in March 2020 and later cancelled.

Chafea also launched an open call for the provision of Support services to develop and provide training in internet investigations for the Consumer Protection Cooperation (CPC) and Consumer Product Safety (CSN) networks (*E-enforcement academy II*). The contract is expected to be signed start 2021. Chafea signed a specific contract for the organisation of *CPC Workshop* on data protection for CPC and data protection authorities. The mentioned event was finally cancelled due to Covid-19 and the Commission organized this meeting internally, as a virtual one.

Legacy from the AWP 2019

CHAFEA successfully finalised commitments for all residual actions, both grants (signature of all pending grant agreements) and procurements, planned under Consumer 2019 AWP by the end of 2020. In addition, during 2020, CHAFEA signed the following contracts foreseen under 2019 AWP:

- Specific contract for provision of Survey on “Consumer’ attitudes towards cross-border trade and consumer-related issues 2020 (*“Consumer Survey”*)
- Service contract for the provision of actions to extend the availability and improve the quality of debt-advice services for European households (*“Debt advice”*)
- Multiple Framework Contracts with re-opening of competition for the provision of behavioural studies – third wave (*“FWC on Behavioral studies”*).

2. MODERN AND EFFICIENT ADMINISTRATION 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 objectives²². It includes the 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.

For the internal control over implementation of the delegated budget, Chafea has established processes and procedures that provide reasonable assurance on the implementation of the control objectives. The Agency's control strategy ensures that all financial transactions are ex-ante verified with regard to both their procedural, legal and financial aspects before the authorisation is given to execute a transaction. The Agency performs ex-post controls on grants. The ex-post controls take place after final payments are made upon the implementation of co-financed actions. Ex-post audits on the spot are performed by an external service provider under an inter-institutional framework contract.

By 2020, Chafea, through consolidation of components, optimisation and streamlining of controls, simplification of workflows, achieved a significant maturity of the multiannual control strategy over transactions. The strategy ensures a proper coverage of activities, indicators, as well as monitoring and assessment.

In response to Covid-19 crisis Chafea followed closely the approach and the instructions of the Commission DGs and services. To ensure the preparedness for possible disruptions Chafea updated its business continuity plan with adjustments to the specific conditions of pandemic. Chafea also deployed IT support to ensure that all staff members are able to participate in online meetings and discussions both within Chafea and with Commission services, other executive agencies, and third parties (beneficiaries and contractors). In this way continuous communication between management and staff and with other EU institutions was ensured.

To prevent irregularities in expenses cycle management, Chafea management instructed the staff on temporary procedures for various aspects of contract management and control over expenses for the cases of pandemic caused non-availability of pre-conditions for project implementation and of pandemic caused absences of contractors' or Chafea staff. To ensure uninterrupted management of financial transactions Chafea adopted workflows to be used in cases of pandemic caused non-availability of key functions and issued guidance for the staff on when and how to use the adjusted workflows.

After a short period of adjustment, the business process continued close to usual.

2.1 Financial management and internal control

Assurance is provided on the basis of an objective examination of evidence of the effectiveness of risk management, control and governance processes.

²² Art 36.2 FR: a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; and e) adequate management of risks relating to the legality and regularity of underlying transactions

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 Executive Director of Chafea. The following reports have been considered:

- The periodic (quarterly) reports to the Steering Committee on the progress in the implementation of the Agency annual work programme and the delegated operational programmes and a semi-annual special report to the Steering Committee on the state of the internal control;
- The regular managerial supervision reports related to all aspects of the Agency's functioning (e.g. HR, budget, ex-ante control, ex-post control, IT, communication etc.), with the special focus on risky areas;
- AOSD reports submitted by the Heads of Units to the Authorising officer;
- The results of internal control framework assessment;
- The results of risk management;
- The reports on recorded exceptions, non-compliance events and any cases of "confirmation of instructions" (Art 92.3 FR);
- The reports of the Chafea advisory committee on public procurement (ACPC) and on ex-ante financial verification;
- The reports of the ex-post audit;
- The reports on anti-fraud strategy implementation and fraud prevention and detection;
- The limited Assurance conclusion on the state of control, and the other observations and recommendations reported by the Internal Audit Service (IAS);
- The observations and the recommendations reported by the European Court of Auditors (ECA);
- Other reports requested according to the identified needs.

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 Executive Director of Chafea.

This section covers 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 internal control systems, and resulting in (d) Conclusions on the assurance.

2.1.1 Control results

This section reports and assesses the elements identified by management which support the assurance on the achievement of the internal control objectives²³. The Agency's assurance building and materiality criteria are outlined in AAR Annex 5. Annex 6 outlines the

²³ 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). The 2nd and/or 3rd Internal Control Objective(s) (ICO) only when applicable, given the DG's activities.

main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

The 2018 Financial Regulation introduced some additional AAR reporting requirements. Namely:

- Any cases of ‘confirmation of instructions’ (new FR art 92.3): no such cases for Chafea;
- Cases of financing not linked to costs (new FR art 125.3): no such cases for Chafea;
- Financial Framework Partnerships >4 years (new FR art 130.4): no such cases for Chafea;
- Cases of flat rates >7% for indirect costs (new FR art 181.6); as decided by reasoned Commission Decisions: no such cases for Chafea;
- Cases of “Derogations from the principle of non-retroactivity of grants pursuant to Art 193 FR” (new FR art 193.2); the acceptance of costs incurred before the project grant application was submitted: no such cases for Chafea.

Budget coverage – Operational budget

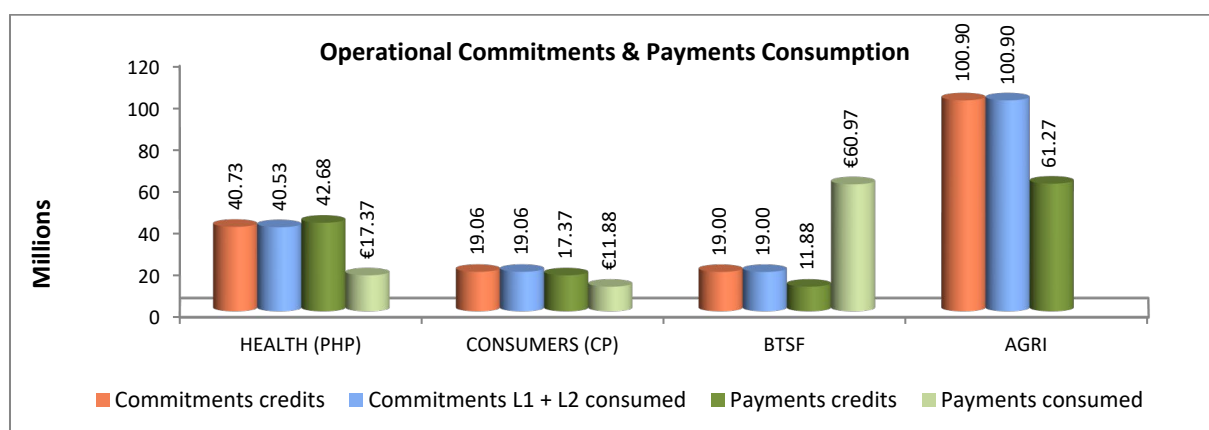
Chafea's core mandate covers the execution of EU operational budget in implementation of the programmes delegated to it by the European Commission. In doing so, Chafea is subject to basic acts that seek to ensure attainment of EU policy objectives as well as a legal and regular management of financial 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 2020, Chafea continued to implement an operational portfolio of both payment and commitment appropriations.

Although Chafea shows an implementation rate of the 2020 operational commitment credits available close to 100% for all the programmes, the level of individualization of commitments (L2), related to the actual signature of grants and contracts within the year n, is 66% referred to the whole commitment budget managed by the agency. The level of L2 commitments is very low only for BTSF (1,12%), while is more favourable for the Health Programme (30,6%), the Consumer Programme (56,%) and the AGRI promotion (72,2%). The lowest level of individual commitments, is mainly attributable to the impact of Covid-19 pandemic on the roll-out of the grant/procurement procedures which delayed the conclusion of contracts/grants within the year n.

CHAFEA	2017	2018	2019	2020
Commitments Credits	128.278.314,58	171.461.758,91	185.901.446,76	179.693.131,71
Commitments consumed (L1+L2)	127.968.490,76	171.389.335,20	185.901.446,76	179.493.216,00
Commitments consumed L2	0,00	115.188.060,49	118.565.301,22	118,565,301.19
Payment credits	83.551.135,49	99.500.693,09	115.174.429,20	115,211,970.29
Payment consumed	80.659.383,10	98.984.238,76	115.159.815,36	115,197,356.45

Programmes	Health programme	Consumers programme	BTSF	Agri Promotion	Total
Commitments Credits	40.729.957,71	19.063.174,00	19.000.000,00	100.900.000,00	179.693.131,71
Commitments consumed (L1+L2)	40.530.042,00	19.063.174,00	19.000.000,00	100.900.000,00	179.493.216,00
Commitments consumed L2	12.451.787,00	10.823.694,03	212.341,00	72.813.923,73	118,565,301.19
Payment credits	42.679.915,71	17.367.457,76	11.884.499,97	61,268.192,00	115,211,970.29
Payment consumed	42.677.487,61	17.367.457,76	11.884.499,97	60.969.923,12	115,197,356.45

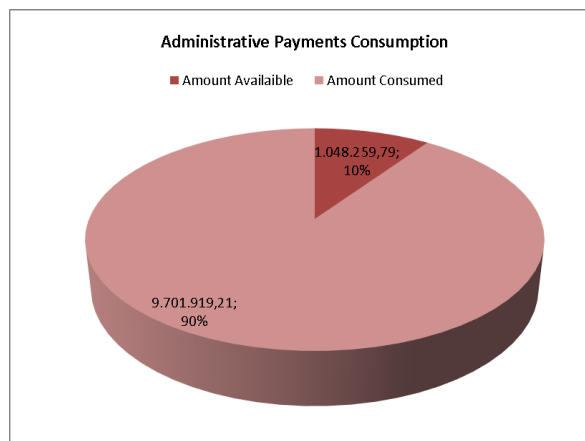
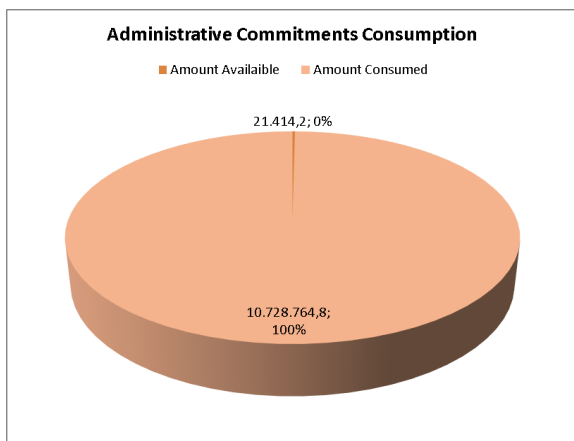
Programmes	Health programme	Consumers programme	BTSF	Agri Promotion	Total
% Commitments Consumed (L1+L2)	99%	100%	100%	100%	99,9%
% Commitments Consumed L2	30,6%	56,8%	1,1%	72,2%	66%
% Payments Consumed	99,9%	100%	100%	99,5%	99,9



Budget coverage - Administrative (operating) budget

Chafea received its administrative budget, which amounted to about EUR 10.75 million in 2020, 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 an annual audit on the use of the operating budget (observations resulting from ECA audit on 2020 accounts are described in section 2.1.2).

Commitments appropriation (2020)	Consumed trough commitments
EUR 10,750,179	EUR 10,728,764,8 (99,8%)
	Consumed trough payments
	EUR 9,701,919,2, (90,2%)



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

In order to be considered effective, controls are expected to meet the internal control objectives (to be detailed hereafter) and for each of those control objectives result in benefits.

- **Legality and regularity of the transactions**

Chafea is using internal control processes to ensure the proper management of the risks relating to the legality and regularity of the underlying transactions, 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 occurred²⁴.

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 indicators²⁵:

- Estimated residual error rate, measured on yearly basis and at the end of the programming period versus the baseline of 2015 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.

²⁴ Materiality criteria and indicators of their fulfilment are determined also in Annex 5 to this report.

²⁵ 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.

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 in the programmes (EU, EFTA, accession countries, third countries). Grant applications are evaluated on the basis of pre-announced selection and 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.). In this context 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 (see also Annexes 5, 7 and 10).

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 rate²⁶ <i>Source of data: Chafea calculation of residual error rate per programme managed - ex post control strategy</i>						Target: <i>Below the materiality criteria (2 %)</i>
Baseline (2014)	2015	2016	2017	2018	2019	2020
Health Programme (HP): 1.94 %	HP: 1.93 %	HP: 1.39 %	HP: 1.65 % (2008-2013) 1.95 % (2014-2020)	HP: 1.92 % (2008-2013) 1.26 % (2014-2020)	HP: 2.31 % (2008-2013) 0.82 % (2014-2020)	HP: 1.96% (2014-2020)
Consumers Programme (CP): 1.18 %	CP: 0.79 %	CP 0.48 %	CP 0.71 % (2008-2013) 0.50 % (2014-2020)	CP 0.82 % (2008-2013) 0.26 % (2014-2020)	CP: 0.82 % (2008-2013) 0.25 % (2014-2020)	CP: 0.45% (2014-2020)
Agricultural Promotion (AGRI): N/A ²⁷	AGRI : N/A (no grants awarded)	AGRI: N/A (no final payments in 2016)	AGRI: N/A (no final payments in 2017)	AGRI: N/A (no final payments in 2018)	AGRI: 0.62 %	AGRI: 1.88% ²⁸
Better Training for Safer Food (BTSF): N/A	BTSF: N/A	BTSF: N/A	BTSF: N/A	BTSF: N/A	BTSF: N/A	BTSF: N/A ²⁹

²⁶ For calculations see Annex 5

²⁷ Start of programme implementation, no data available.

²⁸ Detected error rate (for explanation see Annex 5)

²⁹ No grants managed

Indicator 2: Estimated overall amount at risk at closure for the year for the entire budget under the Agency's responsibility						Target: <i>Below the materiality criteria (< 2 % of payments)</i>
<i>Source of data: Chafea Annual Activity Reports</i>						
Baseline (2014 AAR)	2015	2016	2017	2018	2019	2020
Health Programme (HP): EUR 574,200	HP: EUR 571,634	HP: ~ EUR 310,000	HP: ~ EUR 510,000	HP: ~ EUR 640,000	HP: ~ EUR 370,000	HP: ~ EUR 660.000
Consumer Programme: (CP): EUR 100,596	CP: EUR 99,452	CP: ~ EUR 50,000	CP: EUR 0	CP: ~ EUR 20,000	CP: ~ EUR 10,000	CP: ~ EUR 80.000
Better Training for Safer Food (BTSF): N/A	BTSF: EUR 0	BTSF: N/A	BTSF: N/A	BTSF: N/A	BTSF: ~EUR 60,000	BTSF: ³⁰ ~EUR 60.000
Agricultural Promotion (AGRI): N/A	AGRI: N/A	AGRI: ~ EUR 20,000	AGRI: ~ EUR 20,000	AGRI: ~ EUR140,000	AGRI: ~ EUR 120,000	AGRI: ~ EUR 980.000

Indicator 3: Revenues / Income						Target: <i>n/a</i>
<i>Source of data: aggregated data since 2014, provided by DG BUDG annually, in aggregated report</i>						
Baseline (2014 AAR)	2015	2016	2017	2018	2019	2020
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	EUR 14,348.63

³⁰ No grant managed. Most conservative estimate

Chafea's portfolio consists of segments with a relatively low error rate, i.e. Consumer Programme, Promotion of Agricultural Products, and a segment with the detected error rate over 2% - the Health programme.

This is, respectively, thanks to the performance of the related control systems, and due to the inherent risk profile of beneficiaries (e.g. organisations, educational bodies active in health and medical areas), despite the efforts made in the related controls systems.

For that latter segment, causes of the issues are missing supporting documents. Management actions taken to address these weaknesses are: stratification of the sampling for ex-post control by estimated risk level and ex-post audit of the total risk strata. In this context, recoveries of the overpaid amounts from the 'risky' beneficiaries becomes relatively certain. Moreover the analysis of the ex-post control lessons are prepared and taken into account by project officers when dealing with the potentially 'risky' beneficiaries to prevent, wherever possible, the omissions in beneficiaries' financial management of the co-funded projects and safeguarding the supporting documents.

Considering the detected error rate over the Agency is below 2% (1,95%) of the relevant expenditure, the overall estimated residual error rate does not exceed 2% (1,53%) of the relevant expenditure, as well as the materiality threshold do not exceed 2% for all programmes, we conclude that the existing controls are effective (for more explanation see Annex 5).

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" below.

The estimated overall risk at payment for 2020 expenditure amounts to EUR 1,78 million representing 1,53 % of the Agency's total relevant expenditure for 2020.

In the context of the protection of the EU budget, the DGs' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated at Commission level in the AMPR.

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 most conservatively estimated future corrections for 2020 expenditure are EUR 0,49 million. This is the value 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 2020 expenditure of EUR 1,29 million. This is the AOD's best, conservative estimation of the amount of relevant expenditure during the year (EUR 116,05 million) not in conformity with the contractual and regulatory provisions applicable at the time the payment was made.

The overall risk at payment and at closure remain overall stable with respect the last a few years, due mainly to continuity in controls and in the management of the programmes.

Table X - Estimated risk at closure

Chafea	"payments made" (FY; m€)	<i>minus</i> new prefinancing [<i>plus</i> retentions made*] (in FY; m€)	<i>plus</i> cleared prefinancing [<i>minus</i> retentions released* and deductions of expenditure made by MS] (in FY; m€)	= "relevant expenditure" (for the FY; m€)	Average Error Rate (<i>weighted</i> AER; %)	estimated risk at payment (FY; m€)	Average Recoveries and Corrections (adjusted ARC; %)	estimated future corrections [and deductions] (for FY; m€)	estimated risk at closure (FY; m€)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Programme, Budget Line(s), or other relevant level	as per AAR annex 3, table 2	as per ABAC DWH BO report on prefinancing	as per ABAC DWH BO report on prefinancing	= (2) +/- (3) +/- (4)	Detected error rates, or equivalent estimates	= (5) x (6)	<i>H-ARC</i> (as per ABAC DWH BO report on corrective capacity), <u>but adjusted</u>	= (5) x (8)	= (7) - (9)
3dr Health Programme	42,68	19,93	12,09	34,84	2,15%	0,75	0,26%	0,09	0,66
Promotion of Agricultural Products	60,97	13,82	4,75	51,9	1,88%	0,98	0,00% ³¹	0,00	0,98
Consumer Programme	17,37	6,54	6,60	17,43	1,12%	0,20	0,67%	0,12	0,08
Better Training for Safer Food	11,88	0,00	0,00	11,88	0,5% ³²	0,06	<i>n/a</i>	0,00	0,06

³¹ Most Conservative estimate (see Annex 5 for detail)

³² No grants are foreseen for this programme and no ex-post controls are performed. Conservative error rate applied.

EA total	132.9	40.29	23.44	116.05	1,53% ³³	1,78	0,42% ³⁴	0,49	1,29
						% of (5): 1,53%		% of (5) 0,42 %	% of (5) 1,11%
<i>Operating budget</i>	11,49	0	0	11,49	0,5% ³³	0,06	0,42% ³⁵	0,05	0,01
						% of (5): 0,5%		% of (5) 0,42%	% of (5) 0%
Total EA (operational + operating)	144.39	40.29	23.44	127.54	1,53% ³⁴	1,95	0,42 % ³⁵	0,54	1,41 c
						% of (5): 1,53%		% of (5) 0,42%	% of (5) 1,11 %

Notes to table X

(1) differentiated for the relevant portfolio segments at a level which is lower than the DG total

(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 by out 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 (i.e. their 'delta' in the Financial Year 'actuals', not their 'cut-off' based estimated 'consumption').

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to legality & regularity errors (see the ECA's Annual Report methodological Annex 1.1), our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out, and adds the previous pre-financing actually 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 used or equivalent.

For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (e.g. administrative expenditure, procurement contracts), 0.5% is used as a conservative estimate.

(7) 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 2.0% to 0.42 %. 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 2019) has been selected as conservative estimate. Details on the seven-year historical corrective capacity are given in Annex 5.

³³ The % is calculated for the three programmes that award grants (see Annex 4) and does not include the conservative 0,5% assigned to BTSF and to operating budget

³⁴ Most conservative estimate. Recovery capacity calculated by DG BUDG for Chafea for 2020 is 1,5%

- **Fraud prevention, detection and correction**

Chafea has developed and implemented its own anti-fraud strategy since 2014, on the basis of the methodology provided by OLAF. It is updated upon the expiry its term or/and upon the implementation of all its objectives. It was last updated in 2018. Its implementation is being monitored and reported to the management every quarter. All necessary actions have been implemented and continuous activities are on-going.

Chafea also contributed to the Commission anti-fraud strategy by following of OLAF's Action Plan for DGs. No particular *financial* recommendations were made by OLAF to Chafea.

The results achieved during the year thanks to the anti-fraud measures in place can be summarised as follows: the (anti-)fraud awareness by the staff has reached a level of maturity where OLAF is alerted of fraud suspects at very early stages of the expense cycle; there are no fraud cases opened for the funds managed by Chafea.

On the basis of the available information, Chafea has reasonable assurance that the anti-fraud measures in place are effective.

The anti-fraud strategy of Chafea 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. Each quarter an update is given to the management and the Steering Committee on the state developments in the anti-fraud strategy implementation. Twice a year a special report is submitted to the Agency management and 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.

At the state of 2020, with the reference to OLAF action plan for DGs, Chafea incorporates in its activities the following measures aiming at prevention and detection of fraud: (a) peer group to review internal controls in the anti-fraud context; (b) corporate procurement-related training and continuous practical support (e.g. advice, templates, guidelines, consolidated corporate procedures, ...); (c) monitoring individual experts' activities projects to prevent conflict of interest during evaluation thus to ensure the observation of legality and regularity of expenses. Moreover, in the context of the risk detection and mitigation, in order to be better prepared for challenges of cyber fraud, Chafea continued a mapping of sensitive information to foster IT security requirements and controls.

The special risk assessment that followed the outbreak of covid19 pandemic reviewed potential risks of fraud that might be caused by the measures taken to ensure business and programme implementation continuity. No critical or high risks were identified, the

measures to prevent / mitigate the risks were specified and introduced into the risk management plan.

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.

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 indicators³⁵:

Time to inform (TTI)

On average Chafea informed the applicants within 3.8 months, which is far below the time limit set by the Financial Regulation. An all-round 100% of applicants informed on time

Average TTI in months				
	2017	2018	2019	2020
Health programme	6,1	4,0	2,6	3,8
Consumer programme	1,8	2,1	3,6	4,1
Agri promotion	5,8	4,7	4,9	3,1
Chafea	4,6	3,6	2,5	3,8

% of applicants informed within legal deadline				
	2017	2018	2019	2020
Health programme	58,8%	84,8%	100%	100%
Consumer programme	100%	100%	100%	100%
Agri promotion	100%	100%	100%	100%
Chafea	75,4%	92,6	100%	100%

Time to grant (TTG)

On average Chafea signed the grants from the date of submission of the proposals within 6;2 months in 2020, which is far below the time limit set by the Financial Regulation. Overall 95% of grants have been signed within the legal deadline.

Average TTG in months				
	2017	2018	2019	2020
Health programme	8,6	6,2	5,4	6,4
Consumer programme	4,6	4,9	7,2	6,9
Agri promotion	8,0	7,5	7,6	5,4
Chafea	7,1	6,2	6,5	6,2

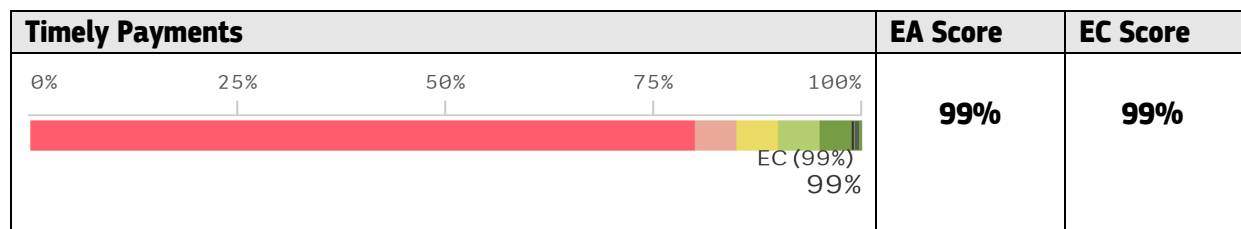
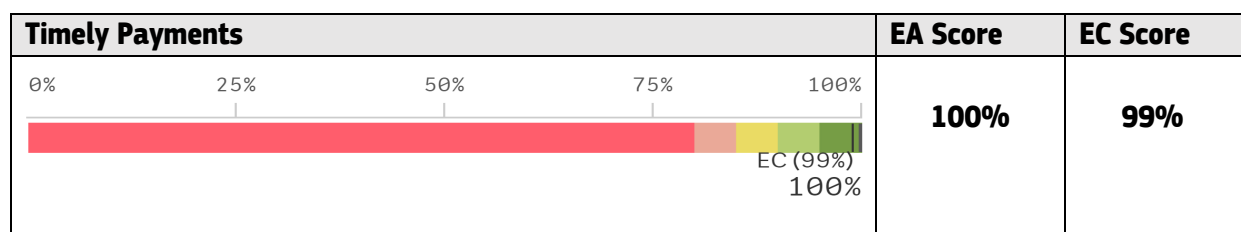
³⁵ Source of data: ABAC, SyGMa:Compass, CORDA, budget implementation reports

% of grants signed within the legal deadline				
	2017	2018	2019	2020
Health programme	82%	96%	98%	97%
Consumer programme	97%	90%	91%	91%
Agri promotion	100%	100%	100%	100%
Chafea	89%	94%	96%	95%

Timely Payments (TTP)

In 2020, the average number of days used for the execution of payments under operational programmes was 9 days on average regarding payments with 30 days deadline (10 days in 2019), 28 days regarding payments with 60 days deadline (30 days in 2019) and 39 days regarding payments with 90 days deadline (54 days in 2019).

Overall, 100% of all operational payments and 99% of administrative budget payments were executed timely (only 5 late payments out of 967 transactions, operational and administrative payments combined together).



For the operational budget the result achieved by Chafea is 100% of timely payments against the 99% of the EC; for the administrative payment the result of 99% of timely payments is in line with the result of the EC. This remarkable result was achieved thanks to the effective and efficient financial operation in the Chafea and the close monitoring at all level of the financial circuits.

Here below the detailed data referred to each programme managed by Chafea.

Average TTP in days			
	Payments 30 days deadline	Payments 60 days deadline	Payments 90 days deadline
Health programme	8 days	34 days	43 days
BTSF	12 days	20 days	N.A.
Consumer programme	6 days	26 days	34 days
Agri promotion	9 days	33 days	N.A.
Administrative budget	11 days	12 days	N.A.

N Payments (% on time/late)				
	N of payments	N late payments	% on time	% late
Health programme	181	0	100%	0%
BTSF	76	0	100%	0%
Consumer programme	142	0	100%	0%
Agri promotion	150	0	100%	0%
Operational budget	549	0	100%	0%
Administrative budget	418	5	98,8%	1,2%

Operational Budget Implementation (commitment and payment appropriations)

In 2020, Chafea demonstrates a high level of operational budget implementation through both commitments and payment credits.

The tables below presents the budget implementation dynamic from 2017 through 2020. During this period the percentage of implementation was maintained stable (up to or close to 100%). Below are some tables that summarize the data for 2020 and the results achieved in the previous three years.

CHAFEA	2017	2018	2019	2020
Commitments Credits	128.278.314,58	171.461.758,91	185.901.446,76	179.693.131,71
Commitments consumed (L1+L2)	127.968.490,76	171.389.335,20	185.901.446,76	179.493.216,00
Commitments consumed L2	0,00	115.188.060,49	118.565.301,22	118,565,301.19
Payment credits	83.551.135,49	99.500.693,09	115.174.429,20	115,211,970.29
Payment consumed	80.659.383,10	98.984.238,76	115.159.815,36	115,197,356.45

Programmes	Health programme	Consumers programme	BTSF	Agri Promotion	Total
Commitments Credits	40.729.957,71	19.063.174,00	19.000.000,00	100.900.000,00	179.693.131,71
Commitments consumed (L1+L2)	40.530.042,00	19.063.174,00	19.000.000,00	100.900.000,00	179.493.216,00
Commitments consumed L2	12.451.787,00	10.823.694,03	212.341,00	72.813.923,73	118,565,301.19
Payment credits	42.679.915,71	17.367.457,76	11.884.499,97	61,268.192,00	115,211,970.29
Payment consumed	42.677.487,61	17.367.457,76	11.884.499,97	60.969.923,12	115,197,356.45

Programmes	Health programme	Consumers programme	BTSF	Agri Promotion	Total
% Commitments Consumed(L1+L2)	99%	100%	100%	100%	99,9%
% Commitments Consumed L2	30,6%	56,8%	1,1%	72,2%	66%
% Payments Consumed	99,9,%	100%	100%	99,5%	99,9

Estimated Residual Error rate

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 2020 amounts to 1.96% for the Health programme, 0.45 % for the Consumers programme and 1.53 % for the Agri promotion.

Estimated residual error rate in financial transactions			
2019	2020	Target	Source of data
Health programme: 2.31 % Consumers programme 0.82 % Agri promotion: 0.62 %	Health programme: 1,96% Consumers programme 0.45.% Agri promotion: 1.88%	Below the materiality criteria of 2%	Ex-post audit

Effective and reliable internal control system in line with sound financial management

Level of implementation of commitment and payment appropriations (operational) and administrative appropriations

Baseline (2014)	2015	2016	2017	2018	2019	2020
<u>OPERATIONAL</u> Commitment: ~ 100% Payment : ~100%	<u>OPERATIONAL</u> Commitment: 100% Payment: 100%	<u>OPERATIONAL</u> Commitment: 99,6 % Payment: 99,9%	<u>OPERATIONAL</u> Commitment: 100% Payment: 97%	<u>OPERATIONAL</u> Commitment: 97% Payment: 79.%	<u>OPERATIONAL</u> Commitment: 100. % Payment: 99.99 %	<u>OPERATIONAL</u> Commitment: ~100% Payment: ~100%
<u>ADMINISTRATIVE</u> by commitments: 95.46% by payments: 78.26%	<u>ADMINISTRATIVE</u> by commitments: 98.44% by payments: 78,71 %	<u>ADMINISTRATIVE</u> by commitment: 98,6% by payment:79,3%	<u>ADMINISTRATIVE</u> by commitment: 95% by payment: 74%	<u>ADMINISTRATIVE</u> by commitment: 97% by payment: 79%	<u>ADMINISTRATIVE</u> by commitment: 99.84% by payment: 80.68%	<u>ADMINISTRATIVE</u> by commitment: ~100% by payment: 90%

Average time to grant (legal maximum - 9 months from submission deadline)

Baseline (2014)	2015	2016	2017	2018	2019	2020
5 months	5,1 months	5,5 month	6,9 month	6,2 months	6,7	6,0

Time to inform (grant management) (legal maximum - 6 months from submission deadline)

Baseline (2014)	2015	2016	2017	2018	2019	2020
Grants: 3 months Procurement: max 10 days	Grants: 3,1 months Procurement: max 10 days	3,1 months Procurement: max 10 days	4,4 months Procurement: max 10 days	3,6 months Procurement: max 10 days	3,7 Procurement: max 10 days	4,0 Procurement: max 10 days

Time to pay (procurement and grant management)

Baseline (2014)	2015	2016	2017	2018	2019	2020
Timely payments	98,54%	91,6%	91,33%	96,54%	99,63%	100%
2,8% late payments	1,46%	8,4%.	8,67%	3,46%	0,37%	0%

The pace and the degree of budget implementation remained stable and high in regard to operational appropriations. The administrative budget was implemented at a high percent through commitments, while about 10% of payments under those commitments are due in 2021.

All operational payments were executed within legal delay and there have been no late payments.

For the comments on graphic presentation of the key indicators in comparison with EC average see Annex 4.

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 (activity stopped once decision to close/transfer Chafea was known);
- 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 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.

In accordance with DG BUDG guidance Chafea identified and assessed covid-19 related risks to the budget implementation, and as regards budget compliance and planned mitigating measures. 5 risks were identified, none of them critical or high. At the instruction of DG BUDG the risks were, after the update, linked to the risk corporate register and are taken into account when processing financial transactions and managing legal commitments.

3. Economy = the estimated cost of controls

Estimated costs 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.

Cost of control 2020 (EUR)		
Grants	Procurement	Total
3.875.686	3.103.442	6.979.128

Evolution of Cost of control (EUR)³⁶				
	2017	2018	2019	2020
<i>Grants</i>	2.179.100	3.354.356	3.580.112	3.875.686
<i>Procurement</i>	1.159.839	2.709.837	2.881.572	3.103.442
<i>Total</i>	3.338.939	6.064.193	6.461.684	6.979.128 ³⁷

For details see Annex 5.

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 grants 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, the sound management at the implementation stage of the expense cycle will contribute to better quality of the outputs produced by beneficiaries/contractors to increased correctness of the implementation procedures and preciseness of the financial documents on which the payment transactions are based.

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 accurate 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. The controls performed during the main stages of the expense cycle are considered: programming and preparation,

³⁶ The sensitive increase in the cost of control registered in 2018 was mainly due to a change in the cost calculation methodology.

³⁷ The higher costs of controls in 2020 are mainly due to the increase of staff and the fact that in 2020, under Agri Promotion two additional call for grants were launched in order to foster the market in the covid19 crisis situation. Following these two additional calls, as well as the efforts made by Chafea AGRI Unit to advertise the promotion of agricultural goods initiative, the number of received proposals almost doubled in 2020 compared to 2019.

implementation and conclusion including ex-post controls (see Annex 5 for detailed calculation).

The quantitative benefits of the controls in 2020 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
Grants ³⁸	EUR 3.875.686	EUR 23.124.512	1 : 5,9
Procurement	EUR 3.103.442	EUR 13.095.451	1 : 4,2
Total	EUR 6.979.128	EUR 36.219.963	1 : 5,2

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 5 for detailed calculation). The quantitative benefits of the controls in 2020 are expressed as the relation of the costs of controls in both grant and procurement management towards the total identified material benefits.

Evolution of the ratio costs of controls/overall funds managed

	2015	2016	2017	2018	2019	2020
Grants	4.6 %	3.8 %	2.6 %	1.7 %	1.8 %	1,69 %
Procurement	4.5 %	3.0 %	1.4 %	4.0 %	3.0 %	3,82%
Total	4.5 %	4.0 %	4.0 %	3.0 %	2.2 %	2,25%

Evolution of the control cost-effectiveness in quantifiable terms

	2015	2016	2017	2018	2019	2020
Grants	1 : 1.06	1 : 2.8	1 : 5.1	1 : 1.5	1 : 2.8	1 : 5,9
Procurement	1 : 4.2	1 : 4.7	1 : 6.5	1 : 0.8	1 : 0.9	1 : 4,2
Total	1 : 1.6	1 : 2.8	1 : 5.6	1 : 1.2	1 : 1.9	1 : 5,2

The section is completed with detailed figures that are reported in Table Y in Annex 7.

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 its control system and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible.

The conclusion about the cost-effectiveness of controls in 2020, suggests that a considerable part of the work aims at preventing possible errors is done in the course of

³⁸ 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".

internal control procedures, in particular for procurement, and through ex-post controls (for grants). Due to the large numbers and variety in the nature of the projects that comprise the programmes managed by Chafea, the controls are applied to each individual project under individual grant agreements and procurement contracts. This fact explains the investments that need to be made into the control cycle. In its turn, this leads to a sensitive decrease in errors bearing material, legal or reputational impact, since they are detected during these controls. Therefore, the non-quantified benefits of control usually exceed those that could be quantified.

Referring to the facts and figures presented in this section, it can be stated that, during 2020, the controls carried out by the Agency for the management of the budget appropriations were cost-effective.

2.1.2 Audit observations and recommendations

This section 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.

a. ECA audits

ECA annual audit was conducted on Chafea premises on mid-March. The report contained one observation about a high (20%) rate of cancelled appropriations carried out from previous year. Chafea submitted their replies on the report to ECA in June.

The results of the audit are published in ECA “Annual report on EU agencies for the financial year 2019”.

By end-November 2020, thanks to the measures taken to improve budgetary planning in 2019, 93% of the 2019 carry-over credits were consumed thus the cancellation rate will be much lower than last year.

For the audit of 2020-accounts in the next year, ECA invited Chafea, like all other DGs and EAs, to complete questionnaires on internal control and on coping with the covid19 crisis. The questionnaires include questions and indicators on various aspects of the Agency functioning. Chafea replied to the questionnaire by the indicated deadlines.

b. IAS 2020 audit of internal control over grants and procurement

In 2020, the scheduled IAS audit of Chafea internal control over grants and procurement started. The audit started with IAS fieldwork on Chafea premises, further, due to the special situation in 2020, was performed remotely on-line. The planned closing of Chafea led to the adjustment in the audit. In particular, the audit focus had to shift from strategies to processes with the purpose to permit Chafea to apply the recommendations to the files currently in processing and forthcoming transactions until Chafea closure, and to enable

Chafea's to conclude on the assurance of the soundness of controls over operations in 2020.

The audit final report was finalised in October. No "critical" or "very important" recommendations were issued. The report includes two recommendations ranked "important" (one on procurement and one on grant management). As a follow-up, Chafea provided, by mid-October, a plan of actions that was accepted by IAS.

Chafea management reacted swiftly and started immediately taking action to address the findings.

c. Conclusion

From the above Chafea concludes that there exist no weaknesses in the internal control system which might have a significant impact on the assurance or lead to reservations.

The Limited conclusion of the Internal Auditor on the state of internal control in 2020 reads that the internal control systems in place for the audited processes are effective.

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 deficiencies in the system are detected, analysed and considered for improvement. Planned regular assessments are conducted 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 present and functioning, that the assessment findings are evaluated and that any deficiencies are communicated and corrected in a timely manner, with issues reported and registered 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.

Details of the various components on the control system are reported in Annex 8.

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 (1) sensitive information, (2) small number of staff, (3) skills in automated retrieving of data, (4) confidential counsellor.

The improvements and/or remedial measures implemented or envisaged are: (1) mapping of sensitive information ('sensitive data risk assessment') is in progress, completed by 50%; (2) feasible measures are taken, e.g. use of inter-agency reserve lists and reserve lists shared by the successor agencies is foreseen to accelerate recruitment process; assigning additional tasks to the available staff having the needed competencies, updating deputising arrangements; other steps will be decided about on the case-by-case basis; (3) using the standard DG BUDG scorecards; consultations with RTD and counterparts agencies, training sessions for responsible staff, provided adequate (remote) training facilities are available; (4) the confidential counsellor function need to be adapted to the changed environment (teleworking, planned transition to successor agencies).

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 is based on reports of ex-post audit that started in 2019 and finalised the reports in 2020. The resulting residual error rate amounts to 1,96% for Health programme, 0.45 % for Consumer programme and 1.88% for Promotion of agricultural products and it is under the materiality threshold of 2.0% for all programmes.

Efficiency and cost-effectiveness

The rate of the implementation for the delegated budget (commitments level 1 + level 2) remained steadily high, close to 100 %. For details see page 14, KPIs section.

The timelines related to provision of information and conclusion of contracts remained in compliance with the provisions of the Financial Regulation, as well as the timelines for payments.

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; all recommendations from previous years' audits are implemented and closed.

The exception register indicates no deviations that might bear serious financial or reputational risk. 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, the management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Executive Director, in her capacity as Authorising Officer by Delegation [has signed] the Declaration of Assurance.

2.1.5 Declaration of Assurance

I, the undersigned,

Executive Director of Consumer, Health, Agriculture and Food Executive Agency (Chafea),

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 view³⁹.

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 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 the Consumer, Health, Agriculture and Food Executive Agency or those of the Commission”.

Luxembourg, 30 March 2021

SIGNED.....

(signature)

Véronique WASBAUER

³⁹True and fair in this context means a reliable, complete and correct view on the state of affairs in the Executive Agency.

2.2 Modern and efficient administration – other aspects

This section is dedicated to the organisation management and its main components.

2.2.1 Human resource management

Two major events in 2020 had a strong impact on the management of Human Resource: the anticipated closure of Chafea and the COVID crisis.

On April 2020, based on the cost-benefit analysis, the European Commission proposed to close Chafea and to transfer its activities and staff to Brussels-based Executive Agencies. The final decision will be taken in February 2021. Chafea put in place an action plan composed of three pillars: support to the staff during the transition process; operational transition (legacy) and administrative phasing out.

The HR pillar is based on reinforced internal communication, strong coordination with the commission central services, in particular DG HR, and implementation of the corporate process for the transfer of the posts and contracts. Support to the staff willing to move in another EU body in Luxembourg will be implemented by DG HR once the final decision on the delegation of programmes to the new executive agencies will be taken.

Some staff members decided to move to another job in Luxembourg, before the closure. Therefore Chafea experienced an increased turnover (departure of >20 colleagues). To maintain business continuity, Chafea recruited 17 new colleagues in 2020. Chafea used additional interim agents to close the gap.

As concerns the regular training plan, even though the difficult circumstances (Covid, transition), Chafea managed to organise one last session for the PM2 training. In the context of Chafea transition, PMO provided some online courses in order to support staff with subjects as unemployment, retirement, etc. Like other EU Commission Services, the COVID crisis had an important impact on the work organisation:

- The staff was equipped with laptops to facilitate 100% teleworking and provided IT support; Chafea took also initiative, in line with the provisions of the Commission, to provide financial support to the staff for purchasing a computer screen and an ergonomic chair to equip their home office;
- Presence in the office has been monitored in line with Commission guidances. In certain circumstances, in agreement with the procedures in place in the Commission, Chafea organised the process for teleworking from abroad;
- For the different selection processes interviews were done online and *ad-hoc* procedure was put in place to recruit and welcome remotely newcomers and facilitate their integration;
- Psychological support was offered to staff via the medical service;
- Support on career development: one staff passed from Contract Agent FGII to Contract Agent FGIII. Internal mobility: two staff members changed job between units.

Despite the circumstances:

- Chafea ended 2020 almost fully staffed: 97.5% occupancy rate on 31/12/2020, 77 out of the 79 allocated positions;
- The 2020 Appraisal/Reclassification exercise was finalised before the summer break.

2.2.2 Digital transformation and information management

Data protection

In 2020 Chafea made further 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 the main priorities. In this context, the implementation of the data protection plan was continued, including induction sessions on data protection for newcomers, data protection information sessions targeted to project officers and legal officers and a workshop on data protection compliance when procuring services targeted to legal officers and the agency's staff dealing with procurement. In addition to this, Chafea made a presentation on data protection compliance and procurement in the context of the NAPO meeting (network of EU agencies procurement officers).

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. The model contracts provisions were adjusted in order to align them with the requirements of the new regulation and new guidelines were adopted in relation to procedures for handling data subject access requests and for dealing with data breaches.

IT

Regarding information management (manage IT architecture, support hardware and software, comply to EC policies, support the Programmes, ensure security, provide user support and training), as a consequence of the Covid-19 pandemic a large part of the efforts have been concentrated in order to allow all the staff to telework in the best conditions having the necessary tools (hardware and software) available. Furthermore, the agency had to face the consequences imposed by the transition and the migration of the IT structures and archives to the competent services of the Commission and of the executive agencies proposed for the succession of Chafea.

In addition, in 2020 the following projects and duties were carried out:

- Migration of the Agency's infrastructure to the corporate infrastructure ITIC;
- Migration of IT tools (ABAC, COMPASS, SYGMA, ARES, SYSPER, EU LEARN, etc.) in the framework of Chafea transition, in order to ensure access and business continuity and smooth integration within the new agencies;
- Organise the physical move/transfer of IT assets (servers, laptop, docking stations, screens, printers, other IT equipment);
- 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;

- Implementation of procedures related to security of the infrastructure and protection of sensitive information, including security assessment and control on sensitive information;
- The BTSF Academy project was further developed using cloud solutions with the collaboration with DIGIT.

Regarding the **Document Management**, efforts were dedicated to the awareness raising about e-Domec rules and harmonisation of practical guidelines on day-to-day activities. Monthly reports were sent to staff showing the documents not filed and we added a reminder for the ARES filing tasks in the ARES workflows.

The major achievement in guidance and awareness raising was the creation of comprehensive documentation on the document management procedures, activities and roles within the corporate Manual of Procedures. This has underpinned the knowledge, unifying practices across the agency thus easing the daily work while contributing to efficiency of staff time use. The document management part of the manual comprises, among other, Commission and Chafea internal guidelines on e-Domec, ARES, documents and files, document lifecycle, as well as opening committees for grant proposals and tenders. The manual is published in an electronic mode on Chafea intranet which allows continuous update to keep staff in the picture of the latest developments.

2.2.3 Sound environmental management

In the framework of the European Green Deal project of the Commission, Chafea followed initiatives stemming from Commission's Eco-Management and Audit Scheme (EMAS) global action plan, in order to reduce the environmental impact of the Agency, in the framework of Commission's Eco-Management and Audit Scheme (EMAS). Although Chafea, in view of its foreseen closure (planned by end-2020) did not introduce its own corporate action plan within EMAS, a number of activities was put in place starting from 2019 and continued in 2020 as much as the confinement situation allowed. On all relevant initiatives Chafea follows the measures taken by the central services in order to improve environmental management of the building and of the operating processes. The tables below present actions and situation in the environmental management in 2020:

Objective I - More efficient resources use	
Initiatives	Actions
Reducing buildings' energy consumption	In the situation of confinement the close-to-zero office occupancy is since March 2020 has drastically reduce the energy consumption in Chafea-occupied sector of the DRB building
Reducing water consumption	In the situation of confinement the close-to-zero office occupancy is since March 2020 has drastically reduce the water consumption in Chafea-occupied sector of the DRB building
Reducing use of non-renewable energy:	In Chafea-occupied sector of the DRB building there is no hot water supply in the lavatories
Reducing office paper consumption:	Since 2019 Chafea applies fully paperless workflows. In 2020, all individual printers were removed. Several corporate printers can be used only through individual log-in. Transition to paperless grant and procurement procedures was completed in 2020 when use of electronic submission of tenders was introduced.

Objective II: Reducing CO2, equivalent CO2 and other atmospheric emissions	
Initiatives	Actions
Implement policy on service bicycles. Install better bike facilities	Chafea does not dispose of own service bicycles. However, to promote the use of individual bicycles by the staff, the request was sent to the logistics office to allocate a space where these bicycles could be safely parked during the working hours.
Reducing emissions from business travel	Since March 2020, no business travels have been undertaken
Promote VCs over missions	Since March 2020 100% of communication is via various VC facilities on-line
Reducing emissions from personal travel	Upon the introduction of full teleworking in March 2020, the personal travel to the office decreased almost to zero.
Promote public transport range (including transborder)	Since 2020, public transport in Luxembourg is free. Before, Chafea staff, including those living abroad, at the border to Luxembourg, were encourage to use the free jobcards for public transport across the city of Luxembourg and suburbs.

Objective III: Reducing and managing waste	
Initiatives	Actions
Improve waste management	Chafea staff use the separate bins for paper, plastic and other waste, as well as containers for used batteries
Promoting Green Public Procurement	Chafea uses templates for tender specifications: mentioning the obligation for the tenderers to comply with the EU, national and international environmental laws; that contain a clause on termination of the contract in the case the contractor does not comply with applicable obligations under environmental law or Annex X to Directive 2014/24/EU.

2.2.4 External communication

The Agency is responsible for gathering, analysing and transmitting to the Commission all the information needed to guide the implementation of a Community programme."

During 2020, despite the constraint due to Covid-19 pandemic, the agency has put forward the implementation of communication and dissemination activities acting in close cooperation with the parent DGs and in line with the policy priorities of the Commission.

Based on the specificities of each programmes, Chafea focused its communication on programmes/projects promotion, dissemination of actions outputs and results, including call publicity-information and promotion, guidance, management of outputs. Initiatives were also taken to expand the outreach of the programmes to new potential beneficiaries and stakeholders.

Details on the communication activities by programme and some key performance evaluation information are presented in Annex 9.

2.2.5 Example of initiatives to improve economy and efficiency of financial and non-financial activities of the Executive Agency

Together with the other executive agencies and parent DGs, Chafea continued exploring possible synergies and efficiencies related to horizontal support functions, that could lead to cost savings by sharing services, optimisation and simplification of procedures, improved business continuity and best practice/know how sharing.

Building on the combined value, performance and skills of the executive agencies community and/or using the expertise of the Commission's services such as e.g. transfer of the accountancy duties to DG BUDGET, using SLA with DG HR, PMO, participating in inter-institutional procurement procedures and framework contracts, allowed rationalization and efficiency gain.

In 2020, the Simplification Task Force that joined Chafea and Parent DGs had its fourth (final) meeting. The meeting concluded on the processes that Chafea tabled during the second and third meetings of the Task Force, in particular use of simplified forms of grants, use of MAP a tool for planning/implementation of financial decision, new model grant agreements,... . The proposals were considered for their potential application under the new MFF.

In 2020, Chafea adopted the full scope of e-procurement including the e-submission mode.

The comprehensive documentation of the governance, management and financial procedure (Manual of Procedures) has reinforced knowledge management, unifying best practices across the programmes that could ease the daily work of project managers and thus contribute to efficiency and economy of resources. The inter-active publication of the manual on Chafea revamped intranet enhanced the internal knowledge sharing and gave the possibility of easy access, as well as of update and maintenance.

Chafea will seek for co-ownership of the planning for the implementation of the financing decisions/annual work programmes, to enhance the shared performance on annual implementation (actions planned and budget consumption).

In 2020, Chafea continued participating in the working group of six Executive Agencies (EAs) in order to conclude on synergies and efficiencies (S&E) in the field of horizontal support functions. The EAs agreed on rationales for establishing S&E for the new MFF, in particular:

- *Cost savings:* if certain activities, currently carried out by each EA, were to be centralised in one single EAs, the same work could be performed with less staff than when it was carried out by separate entities.
- *Rationalisation/simplification of procedures:* the simplification and alignment of workflows by all EAs would achieve further efficiency gains through faster implementation.
- *Improved business continuity:* for functions, that are currently fulfilled by only one person per EA, a coordinated back-up system could be set up among all EAs in order to enhance business continuity.
- *Building up specific knowledge/know-how:* the centralisation of certain functions in one structure (centre of expertise) would enhance the professionalisation of services, ensure a common interpretation of rules and build on economies of scale.