

**2017**

# **Annual Activity Report**

**Education, Audiovisual  
and Culture Executive  
Agency**

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## EACEA IN BRIEF

The Executive Agency for Education, Audiovisual and Culture (herein after 'EACEA') being one of the six EU Executive Agencies established based on Council Regulation (EC) N° 58/2003) was set up in 2005 to execute, by delegation of the European Commission, the management of certain parts of the EU's funding programmes in the fields of education, culture, audiovisual, sport, citizenship and volunteering.

**EACEA's mission** is to support European projects that connect people and cultures, reach out to the world and make a difference. Working together in education, culture, audio-visual, sport, youth, citizenship and humanitarian aid, we foster innovation through the exchange of knowledge, ideas and skills in a spirit of cross-border cooperation and mutual respect. We strive to provide excellent programme management and high quality service through transparent and objective procedures, showing Europe at its best.

EACEA contributes mainly to the Commission's priorities<sup>1</sup> for growth, jobs and investment under the leadership of the Commissioner responsible for Education, Culture, Youth and Sport throughout the Erasmus+ programme. Not less importantly the Europe for Citizens and the Creative Europe programmes are both strongly linked to Security and Citizenship aspects and are specifically linked to the priorities 'A Union of Democratic Change' and 'A connected Digital Single Market'. By implementing the EU aid Volunteers initiative (EUAV) and also awarding grants throughout external instruments<sup>2</sup>, the Agency is reinforcing the role of Europe as 'A Stronger Global Actor'. Today, in close cooperation with the relevant Directorate-Generals (so called parent DGs) of the Commission, EACEA plays a key role in the implementation of the following programmes:

### Erasmus+ (DG EAC)

The European Union's Erasmus+ programme is a funding scheme to support activities in the fields of Education, Training, Youth and Sport. The Programme is made up of three so-called "Key Actions" – Mobility, Cooperation for Innovation and Exchange of Good Practices and Support for Policy Reform - and two additional actions (Sport and Jean Monnet). They are managed partly at the national level by National Agencies and partly at the European level by the EACEA. The European Commission is responsible for Erasmus+ policies and oversees the overall programme implementation. The Agency is entrusted with the implementation of some actions of the programme under direct management (20%).

### Creative Europe (DG EAC and DG CNECT)

The Creative Europe programme aims to support the European audiovisual, cultural and creative sector and to encourage the respective players to operate across Europe, to reach new audiences and to develop the skills needed in the digital age. Hence, the programme also contributes to safeguarding cultural and linguistic diversity. The programme is made up of the sub-programmes Culture, MEDIA and a cross-sectoral programme, building on and bringing together the former Culture & MEDIA(2007-2013).

### Europe for Citizens (DG HOME)

The Europe for Citizen's programme aims to contribute to citizens' understanding of the EU, its history and diversity. It hence strives to foster European citizenship and improve conditions for civic and democratic participation at EU level. The programme is designed to encourage the democratic and civic participation of citizens at EU level, by developing their understanding of the EU policy making-process, and stimulate interest and involvement in EU policy making.

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<sup>1</sup> [https://ec.europa.eu/priorities/sites/beta-political/files/juncker-political-guidelines\\_en.pdf](https://ec.europa.eu/priorities/sites/beta-political/files/juncker-political-guidelines_en.pdf)

<sup>2</sup> European Neighbourhood Instrument (ENI), Development Cooperation Instrument (DCI), Partnership Instrument for cooperation with third countries (PI)

## **EU Aid Volunteers Initiative (DG ECHO)**

The EU Aid Volunteers initiative provides opportunities to European citizens and long-term residents, from a wide range of backgrounds and with a diversity of skills and professional experience, to get involved in humanitarian aid projects, support the provision of needs-based humanitarian aid in third countries and engage in volunteering opportunities, through deployment and online-volunteering.

## **The Mobility Scheme of the Pan-African Programme (DG EAC and DEVCO)**

The Intra-Africa Academic Mobility Scheme supports higher education cooperation between countries in Africa. The scheme aims to promote sustainable development and ultimately contribute to poverty reduction by increasing the availability of trained and qualified high-level professional manpower in Africa. EACEA is responsible for managing this programme, in collaboration with the African Union Commission (AUC), and under the supervision of the DG DEVCO.

The tasks executed by the Agency are carried out in conformity with both the delegating Decision<sup>3</sup> and the legal bases of these programmes.

The delegation act was amended on 12/05/2017 (C(2017)3049). This amendment establishes the inclusion of the "Erasmus+ Virtual Exchange Initiative" in the field of Education, Training and Youth of the Erasmus+ programme managed by the Agency.

The Commission, and in particular EACEA's four parent DGs, define the policy, strategy, objectives and priorities of the programmes, and through the Steering Committee are also responsible for supervising and monitoring the Agency's implementation of activities. The Agency itself has a duty to ensure financial transparency, efficiency and a high quality service to applicants and beneficiaries in full co-operation and transparency with the parent DGs. On the administrative side, EACEA was equipped with a budget of EUR 49,718Mio in 2017, employing 442 staff in the office at Rue Joseph II, 110 of whom are temporary agents and 332 are contract agents. Beginning in September 2016 and finishing in March 2017, the Agency moved to these premises in the heart of the European Quarter to facilitate closer collaboration and exchange with the parent DGs.

In full support of Commissioner Juncker's push to support youth across Europe, EACEA is preparing the ground for the implementation of some activities of the EU Solidarity Corps (ESC) initiative, following the Commission Communication "Investing in Youth" of 7/12/2016. The European Solidarity Corps will enhance the engagement of young people and organisations in accessible and high quality solidarity activities as a means to contribute to the strengthening of cohesion and solidarity in Europe, supporting communities and responding to societal challenges with a total budget of EUR 341.5Mio (2018-2020).

As a consequence of the new approach linked with the IAS audit recommendations, following the audit on Grant Management Phase I Erasmus+ and Creative Europe: from the call to the signature of contracts, the Agency has modified its procedures and is undergoing a significant change of culture that could impact its performance in the short term. Subsequently, the Agency will have to assess the impact on the workload bearing in mind the high volume of actions managed. The gradual move to the IT corporate tools will also require time to adapt and will involve an increase in administrative costs during the transition period.

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<sup>3</sup> The Agency supports the implementation of the overall objectives and political guidelines of the European Commission by managing tasks which are carried out in conformity with Commission Implementing Decision of 2013/776/EU repealing Decision 2009/336/EC, Delegation Act C (2013) 9189 as amended by Commission Decision C(2014)4084 and Commission Decision C(2015)658 and the legal bases of the delegated EU programmes.

## EXECUTIVE SUMMARY

The Annual Activity Report is a management report from the Director of EACEA to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitutes the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties<sup>4</sup>.

### a) Implementation of the EACEA's Annual Work programme - Highlights of the year

By ensuring the implementation of the delegated programmes, the Agency contributes to the General Objectives of its four parent DGs (EAC, CNECT, ECHO and HOME) as defined in their Strategic Plans 2016-2020 and the 2017 Management Plans. The internal priorities of the Agency are interrelated and collectively contribute to make the Agency an efficient and effective competence centre for EU programme management.

- *Overview of the results*

In the Agency's Work Programme 2017, **the first priority defined was to further improve performance in programme management**. In 2017, EACEA launched 26 calls for proposals and 3 calls for tenders and sent 10 invitations to apply to groups of designated beneficiaries (Work Programme 2017 calls) for a total value of EUR 590.154.512. At the time of reporting, EACEA had evaluated over 12.600 proposals for the 2017 calls (compared to over 12.500 proposals for the 2016 calls) out of which 4.562 proposals were selected. 95% of the grants were signed within 9 months and the global Time to grant is 7.1 months. Financially, the Agency permanently monitors the relevant indicators for performance in programme management and reports to the management on a monthly basis. The results for the year 2017 are satisfactory and our annual objectives are achieved. Budget execution is excellent. The figures for payment times confirm the stable and satisfactory situation observed for a number of years. The promising low error rate for the current generation programmes now has a more reliable statistical basis.

- *Supporting the citizens*

Building on the success of previous years, the Agency reaffirmed its position as an important contact point between the Commission Services and the citizen. Not only through the highly visible Erasmus+ programme, but also through small grants for beneficiaries in culture, citizenship, education and humanitarian aid. The Agency expanded its outreach to citizens whilst contributing to the European Commission political priorities, supporting young talents, enabling pioneering projects and fostering a shared European identity and purpose. The efficacy of this approach is reflected in both the Agency's external assessment<sup>5</sup>, in which clients describe EACEA as "unbureaucratic, client oriented, responsive and attentive", as well as in the assessment of the European Parliament, which highlights the citizen friendly nature of the Agency. Encouraged by these results, the Agency continues to strive towards its mission "*to show Europe at its best*", by collaborating with stakeholders from the supra-national to the local level and provide the European Union with a human face.

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<sup>4</sup> Article 17(1) of the Treaty on European Union.

<sup>5</sup> 3rd Interim Evaluation of EACEA [https://ec.europa.eu/education/sites/education/files/eacea-interim-evaluation-2016\\_en.pdf](https://ec.europa.eu/education/sites/education/files/eacea-interim-evaluation-2016_en.pdf)

In order to reinforce support to projects to make them a success, visual tools have been created to assist applicants and improve the quality of the applications. A visual video on the Agency's website assisted Knowledge Alliances applicants by taking them through the various application steps and helping them to improve the quality of their applications. There has been a strong focus within the Agency on increasing the use of online platforms. The Agency successfully increased its efficiency via online support events for potential applications. For the first time, two online web-streamed infodays were organised for the Sector Skills Alliances calls, reaching more than 1.200 participants over a large geographic space. A live chat was proposed, as well as a partner search tool. The events achieved optimal efficiency with a very limited budget. The use of apps such as ConnexMe allowed onsite and offsite participants to interact in the infoday for the EU Aid Volunteers initiative and the 4th Sport Info Day. During the latter, thousands of private messages were exchanged, comments posted, and the hashtag #SportInfoDay was used around 400 times. Three web streaming sessions were also organised on the Youth capacity building action for organisations in the Western Balkans, Eastern Partnership countries, and Tunisia. Similarly, a coordination meeting was held in October on the Capacity Building for Youth priorities and objectives, which was followed by an info session in December that drew over 1.200 participants from 65 countries. To further facilitate the application process and the user-friendliness of the Agency's services, efforts to train the Creative Europe Desk network, who are contacted by 90% of applicants prior to applying, have been expanded. These efforts include general desk meetings, ad-hoc web seminars, and continuous dialogue in an online community.

The creation of the Jean Monnet Expert Community (JMEC) is another example of an effort to improve performance, aiming to assist and improve the quality of the experts' assessments. It helped the experts involved in the 2017 evaluation exercise by ensuring a common understanding of the award criteria and guidance on the quality standards while simultaneously serving as a platform for exchange of information and as a forum for discussion. Experts have also been offered virtual briefings and presentations for the actions related to Europe for Citizens programme. Evaluations of proposals are now almost entirely paperless. eForms and e-reports are also being increasingly used amongst all programmes. Moreover, automatic checks were integrated in the eForm to facilitate the application process. This considerably reduced the percentage of ineligible projects. In fact, efforts to make operations paperless have continued in the Agency's external and internal processes. The eReport form that had been created to simplify report analyses and data collection is now used for all the programmes. A series of rationalisation possibilities have been identified in the implementation of Creative Europe and measures have been proposed. The Agency's Online Linguistic Support (OLS) team contacted over 400 Erasmus+ beneficiary institutions/organisations to obtain feedback on OLS for Refugees initiative. Their observations provided insight on how to improve the licence allocation process. A survey for the Eurydice National Units and the Youth Wiki National Correspondents was launched within the framework of the Erasmus+ study/mid-term review of simplified grants.

Finally, the extension of the knowledge management and the sharing of good practice provides encouraging results: 100% of the actions managed by the Agency now use collaborative platforms to communicate with external or internal stakeholders. In addition, the Agency organised 31 events specifically aimed at knowledge sharing. A Knowledge management Strategy should be adopted in 2018 in order to provide suitable outcomes.

- *Simplification and innovation*

Simplification measures were introduced in the application and assessment procedures for the Erasmus+ Erasmus Mundus Joint Master Degree call. The assessment of full proposals in one single step instead of the two-steps procedure as in previous calls was considered much more transparent and effective. This along with other measures contributed to a 33% increase in applications to the 2017 call compared to the previous year. Several simplifications have taken place for the Erasmus+ capacity Building Higher Education action, including the implementation of a risk-based payment procedure,

simplification of the work flow for payments, a revision and simplification of the definition of priorities for the call, a revision of the Guide for Experts and of the eligibility criteria for the partnership composition, which was supported by DG DEVCO. Beneficiaries will be able to choose among two starting dates, giving them more flexibility and allowing them to start projects at a more appropriate time.

EACEA has been preparing to adopt as of 1/1/2018 the Commission's Single Electronic Data Interchange Area (SEDIA) to provide applicants and tenderers (third parties) with a single entry point to communicate and exchange information in relation to the legal and financial verification that the EACEA needs to perform prior to issuing contracts and making prefinancing payments. Hence, the Agency initiated the harmonisation of ratios for financial capacity checks (FCCs) using DG EAC's ratios standard for all programmes - apart from the MEDIA sub-programme which will apply the H2020 ratios as they are more appropriate to its client base.

The integration of Pegasus (EACEA's grant management system) and APPFIN (EACEA's financial system) is almost finalised and it will be a significant simplification for the Agency, allowing the use of a single tool for grant management. Meanwhile the migration of virtual expert groups from NING to Yammer is progressing well, and initial feedback from experts has been very positive. The new corporate service for web conferencing (WebEx) has also been introduced.

The optimal allocation of resources is one of the necessary preconditions to further improve our performance in programme management and guarantee that the right resources are at the right place at the right moment. With this clear goal in mind, the Agency, on the basis of the methodology developed by REA, adapted, tested and finalised a revised methodology for workload indicators, thus setting the basis for full alignment of resources with needs. This new methodology, combined with the policy of internal mobility, will contribute to the Agency's constant effort to achieve better results by an efficient deployment of resources.

- *IAS Audits performed*

By the end of the year, the Agency had received two Final reports of audits performed by the Commission's Internal Audit Service (IAS); one on HR Management and one on EACEA's management of grants under Erasmus+ and Creative Europe – Phase 1: from the call to the signature of contracts. The Agency accepted all the findings for both audits and has drawn up dedicated actions plans to address the issues raised. The close collaboration with the IAS service enabled the Agency to take immediate action to redress the situation.

The **second 2017 priority was to reinforce policy support to the Commission** by focusing on the link between project results and the impact of the actions in relation to the policy objectives. The Agency supported the projects to ensure continuous relevance to policy through, for example, results-based monitoring and theme-based events.

- *Cluster meetings*

Cluster meetings have been organised to bring together projects around a similar topic and provide an opportunity for mutual exchange on good practice in the field concerned. The Cluster Meeting on Social Inclusion: 'Inspiring Trends in European Funded Projects' brought together over 130 social inclusion projects from across three different programmes managed by EACEA: Erasmus+, Creative Europe and Europe for Citizens with colleagues from DGs EAC and EMPL and several National Agencies. This kind of cross-programme event, with a single theme and focus, was a feat never before attempted by the Agency. The main trends and ideas that surfaced during this event (from the active involvement of all participants in a spirit of knowledge-exchange and experience-sharing across different funding programmes) will be documented in a publication in early 2018. Furthermore another cluster meeting on Sport was organised with the participation of Commissioner Navracsics.

- *Kick-off meetings*

In Erasmus+, the kick off meeting for ten new policy experimentation projects was organised, enabling participants to exchange ideas, share knowledge and create a networking space. This included colleagues from DG EAC and DG EMPL, while a panel debate on challenges in policy experimentation was an excellent occasion for peer learning, experience sharing, and to showcase good practices. Kick off meetings also took place for the actions under the Culture sub-programme for refugee projects, networks, cooperation projects and platforms, and Creative Europe desk meetings, to provide opportunities of exchange between the Commission, the Agency, and cultural organisations on key programme priorities. A kick-off meeting for new projects such as VET-Business partnerships on Work-based learning and Apprenticeships” and a monitoring meeting of on-going projects supporting small and medium sized enterprises engaging in apprenticeships were also held.

- *Dissemination and exploitation of results*

The Agency is an important player in the implementation of the DG EAC Strategy for Dissemination and Exploitation of Programme results, particularly regarding the evaluation and selection of good practice and success stories projects. The Agency staff joined with mirror units in DG EAC to identify and select projects filling these criteria. The Agency fed into the Erasmus+ newsletter, with colleagues identifying project stories that were appropriate and also had potential for briefings, evaluation reports, etc. These projects will be also invited and further promoted at EACEA events. All units collaborated with mirror units in the parent DGs to reflect and draft on policy support orientation documents. These include a report from a conference on Erasmus Mundus providing recommendations for project coordinators, which was published in the EU bookshop and online and a thematic Eurydice report on evidence-based education policy. Units also worked directly to support the Commission, for example in finding speakers and providing background information for the conference on the 60 years of the Treaties of Rome. The Agency played an important role in the Level Playing Field Working Group and the current mid-term review, as well as in coordinating with colleagues in DG CNECT in a seminar designed to contribute to new Key Performance Indicators for the Creative Europe (CE) – MEDIA sub-programme. The networks subsidised by the Culture part of the CE programme have been contributing to the development of the culture policy by DG EAC.

Agency colleagues provided support to several policy related projects in DG EAC (focus group on the EU Youth Strategy, thematic panel on languages and literacy, ET 2020 working groups, peer counselling project in higher education, preparation of the next Education and Training Monitor, the preparation of the Council recommendation on Entrepreneurship Education, meetings with OECD). The Agency also provided support and data related to adult education for DG EMPL and have responded to questions of the European Parliament. In addition, the Agency supported DG NEAR in the evaluation of the Fellowship for Youth Action, deepening the relationship between the Agency and this DG. The colleagues similarly have assisted DG EAC in the ex-ante evaluation of the European Solidarity Corps.

- *Collecting and sharing stakeholders' feedback*

In addition to the normal feedback on the selection process, the Agency has taken several actions to support policy feedback using quantitative and qualitative data, statistics and analysis. Monitoring visits have been redesigned to further emphasise the monitoring of the development of project outputs and their impact in relation to policy. Reports summarising the results of the 2016 monitoring strategy were sent to the Commission, outlining the main achievements of the projects of each action and examples of good practice for policy purposes. Synthesis reports on work of the Electronic Platform for Adult Learning in Europe (EPALE) network and eTwinning National Support Structures have been drafted and submitted to the Commission. A bottom-up consultation of colleagues approach was launched in order to get feedback and suggestions for improvements for the future of the Erasmus+ Capacity Building in Higher Education action. In cooperation with DG EAC and EEAS, a questionnaire was launched about the implementation of the EU Global Strategy addressed to Jean Monnet (JM)



professors in order to provide inputs for the preparation of the JM seminar on the "EU's Global Strategy – From Vision to Action" in June. Finally, a detailed survey involving all Creative Europe – MEDIA desks has been developed, aiming at a long term follow up of development awards, which will be consolidated and analysed to evaluate the impact of our support in relation to policy objectives.

- *Targetting new political priorities*

The Agency also successfully managed one of the first pilot calls relating to the European Solidarity Corps - under the Europe for Citizens programme - reflecting one of President Juncker's policy priorities. It is fully involved in the preparation of the European Year of Cultural Heritage 2018, as well as in the support for the Music Moves Europe initiative, including presence at the high visibility event at MIDEM in Cannes in June 2017.

**The third priority of the Agency's AWP was to further extend knowledge management and the sharing of good practice.**

- *Agency's initiatives*

Colleagues from the Agency participated in meetings with DG EAC, including workshops on *the online tool for knowledge sharing*, and with DG HOME, to give feedback to the parent DG on the integration of migrants, which is one of the programme's multiannual priorities. The Agency has also been represented at meetings of the National Agency Working Group on Erasmus+ International Centralised Actions, and at an event organised by the POMORSKIE Regional EU Office on the Social Inclusion strategy in the educational programmes. Relevant Agency staff followed the European Development days, giving them an opportunity to share knowledge and experiences with colleagues in the Commission. The Agency has also been participating in numerous working groups and steering committees on operational and horizontal activities of the Commission. The handover to DG EMPL of the management of the Euroguidance, Europass and European Qualification Framework networks was smoothly implemented, documented and a support was provided to the Commission in terms of transfer of knowledge and good practices.

The Agency launched and carried out a *job-shadowing* pilot from the end of 2016 to the end of March 2017. This allowed staff to exchange best practices, facilitated knowledge-sharing and collaboration across the Agency, and provided an insight on the work of other units on potential mobility. The pilot also had benefits beyond the Agency: it was presented at a dedicated Inter-institutional workshop organised by DG HR in March, during which it was praised as best practice. The testimonial of some participants in the job shadowing at the Agency featured in an Article of the Commission en Direct of 27 March 2017. Other Agencies expressed an interest in our pilot and were inspired by it.

During a staff day, the issue of knowledge transfer was addressed and the opportunities for internal mobility advertised. To promote internal mobility, foster knowledge sharing and enable a lively exchange amongst colleagues, each unit organised a presentation to showcase their work during a staff day event. 95% of respondents to the post event survey said they would be interested in attending another such event in the future. The results of the staff day exercise feed into the design of the *Talent Management Strategy*, future recruitment needs and training events. Furthermore, units have organised internal trainings on specific topics of common interest and have provided support to other units for the organisation of their cluster meetings.

- *Extended use of collaborative tools*

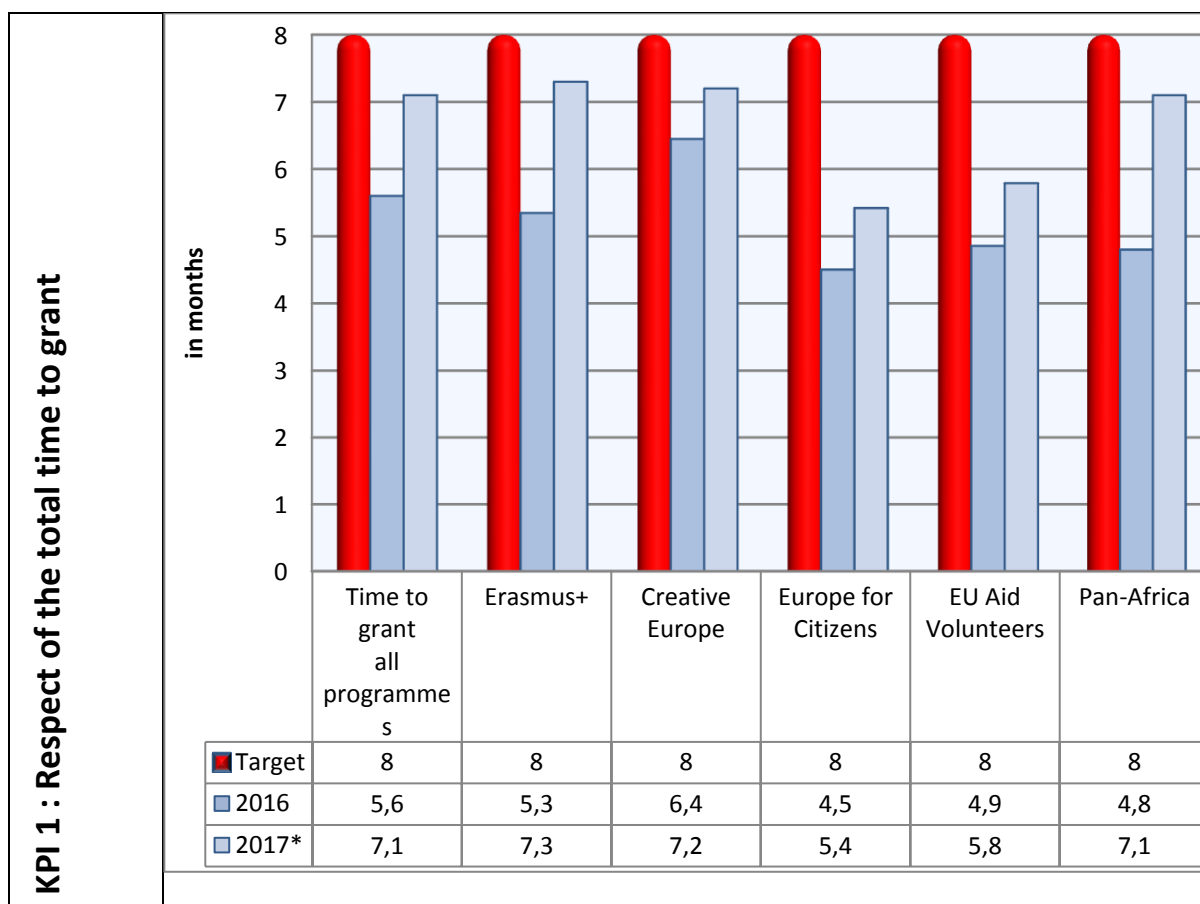
The use of collaborative tools has also increased. Online, the Yammer platform is being used with experts for several actions under Erasmus+, and general collaboration between experts in Culture and MEDIA projects, which has led to an exchange of best practices and supporting material between the colleagues involved. Some units use Yammer with DG EAC and beneficiaries. The Ning platform is also used to establish permanent dialogue with Creative Europe Desks. The BlackBoard Collaborate platform has been used for webinars and expert briefings for the OLS platform, and has also been used by Commission colleagues and members of Evaluation Committees. A new WebEx tool was used for online briefings of experts. A new intranet collaborative site has been created

and it is dedicated to the management of documents and templates to support the activities of internal working groups. In addition, two information platforms have been set up for National Erasmus+ Offices as well as information repository for EU Delegations. In terms of online communication with the Commission, the Agency has been using the internal communication tool CONNECTED to share information notably on the MEDIA results, on the job shadowing or knowledgemenagement topics. A small pilot project has started for the new Unified Communication service that is being rolled out by DIGIT, based on the Microsoft Instant messaging solution. Once launched, this will support real time collaboration between staff at the Agency and the Commission.

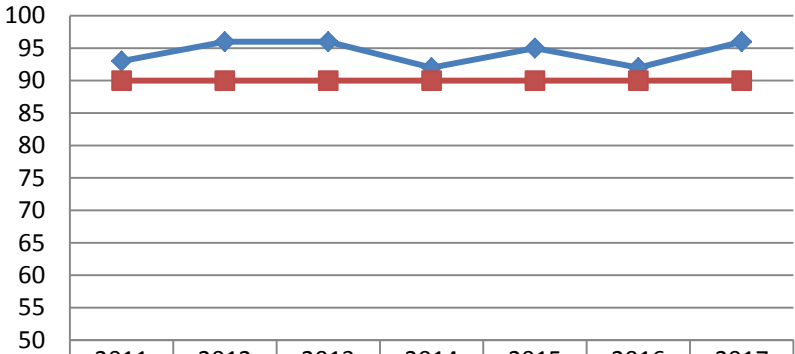
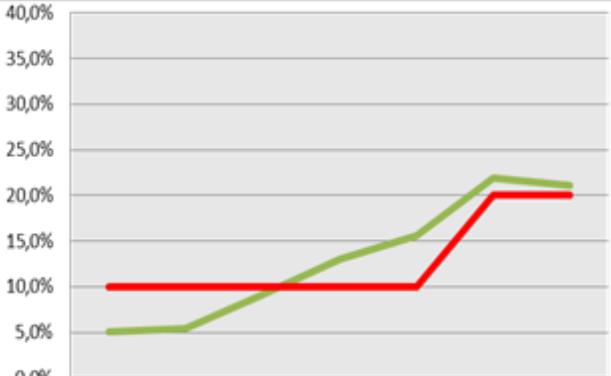

## b) Key Performance Indicators (KPIs)

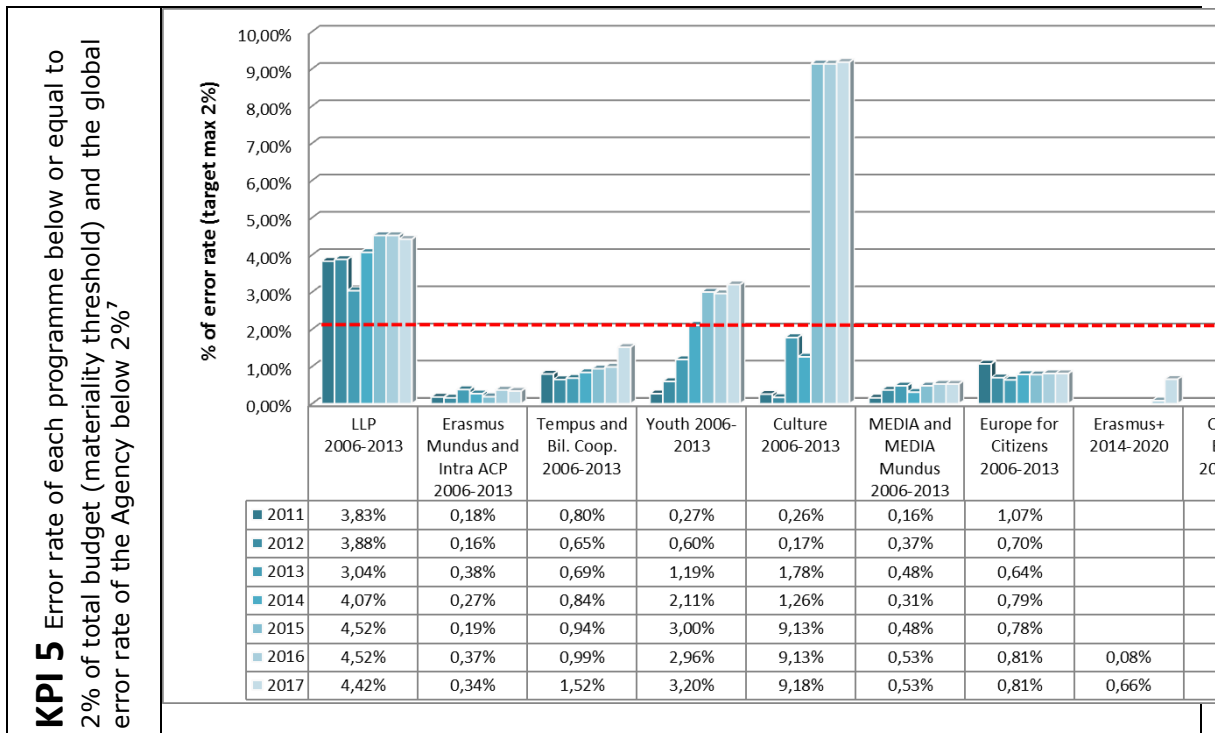
This subsection shows the six key performance indicators (KPI) most relevant for EACEA as set out in the Annual Work Programme 2017, i.e. the indicators which measure the most critical aspects of its performance and give useful insights into its most significant achievements. The following key performance indicators have been retained:

1. **Respect of the total time to grant (time-to-award and time-to-contract) beneficiaries as laid down in the Financial Regulation**
2. **Payments are completed in line with the set deadlines<sup>6</sup>:**
3. **Maximise the success of the projects by ensuring systematic support and timely monitoring**
4. **Reinforce policy support to the Commission**
5. **Ensure the error rate of each programme is below or equal to 2% of total budget (materiality threshold) and the global error rate of the Agency below 2%**
6. **Extending knowledge management and the sharing of good practice**



<sup>6</sup> Payments falling under the Financial Regulation 2007 are not considered.

<b>KPI 2: Payments are completed in line with the set deadlines</b>	 <table border="1" data-bbox="389 517 1353 645"> <thead> <tr> <th></th> <th>2011</th> <th>2012</th> <th>2013</th> <th>2014</th> <th>2015</th> <th>2016</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>◆ % of payments</td> <td>93</td> <td>96</td> <td>96</td> <td>92</td> <td>95</td> <td>92</td> <td>96</td> </tr> <tr> <td>■ target</td> <td>90</td> <td>90</td> <td>90</td> <td>90</td> <td>90</td> <td>90</td> <td>90</td> </tr> </tbody> </table>		2011	2012	2013	2014	2015	2016	2017	◆ % of payments	93	96	96	92	95	92	96	■ target	90	90	90	90	90	90	90
	2011	2012	2013	2014	2015	2016	2017																		
◆ % of payments	93	96	96	92	95	92	96																		
■ target	90	90	90	90	90	90	90																		
<b>KPI 3 Maximise the success of the projects by ensuring support and timely monitoring</b>	 <table border="1" data-bbox="405 1081 1177 1216"> <thead> <tr> <th></th> <th>2011</th> <th>2012</th> <th>2013</th> <th>2014</th> <th>2015</th> <th>2016</th> <th>2017</th> </tr> </thead> <tbody> <tr> <td>— % of on-going projects monitored</td> <td>5,1%</td> <td>5,4%</td> <td>9,2%</td> <td>13,0%</td> <td>15,6%</td> <td>21,9%</td> <td>21,0%</td> </tr> <tr> <td>— target</td> <td>10,0%</td> <td>10,0%</td> <td>10,0%</td> <td>10,0%</td> <td>10,0%</td> <td>20,0%</td> <td>20,0%</td> </tr> </tbody> </table>		2011	2012	2013	2014	2015	2016	2017	— % of on-going projects monitored	5,1%	5,4%	9,2%	13,0%	15,6%	21,9%	21,0%	— target	10,0%	10,0%	10,0%	10,0%	10,0%	20,0%	20,0%
	2011	2012	2013	2014	2015	2016	2017																		
— % of on-going projects monitored	5,1%	5,4%	9,2%	13,0%	15,6%	21,9%	21,0%																		
— target	10,0%	10,0%	10,0%	10,0%	10,0%	20,0%	20,0%																		
<b>KPI 4 Reinforce policy support to the Commission</b>	<p>The integrated Work Programme in the fields of Education (Eurydice) and Youth (Youth Wiki) was successfully implemented. 100% of the foreseen outputs were delivered on time : 4 reports in the fields of Education. In the field of Youth, the Youth Wiki, launched in December 2017, is a comprehensive database on national structures, policies and actions supporting young people. Its objective is to promote European cooperation in the field of youth and to support evidence-based decision making.</p> <p>Baseline 2016 : 100%</p> 																								



**KPI 1 (Respect of the total time to grant beneficiaries as laid down in the Financial Regulation)** is increased by 1.5 months compared to the previous year, with an average of 7.1 months for the five programmes managed by the Agency. The Europe for Citizens programme is the quickest programme at 5.4 months, while Erasmus+ and Creative Europe took on average 7.3 and 7.2 months respectively. The Agency remains below the requirements of the Financial Regulations (max. 9 months) and its own target (max. 8 months). The calculation of the Time-to-Grant is aligned to the methodology specified in DG BUDG's vademecum for Grant Management, following identification by the IAS audit on EACEA's management of grants under Erasmus+ and Creative Europe – Phase 1: from the call to the signature of contracts (recommendation N°9). In the previous AARs, the Agency calculated the Time to Inform (TTI), Time to Contract (TTC) and Time to Grant (TTG) as an arithmetical average of each TTI, TTC, TTG. Each call's figure was itself calculated as an average. However, DG BUDG's vademecum on grants foresees that the figure is based on the date when **all** applicants have been informed, meaning the date the last one was informed (or when the contract is signed in the case of TTC). For the sake of comparison, the Agency has recalculated 2016 TTG figures and it reveals that it is in line with this year figure (7 months).

<sup>7</sup> For the programming period 2007-2013

Time to grant all programmes (target max 8 months)						
	Time to grant all programmes	Erasmus+	Creative Europe	Europe for Citizens	EU Aid Volunteers	Pan-Africa
Target	8	8	8	8	8	8
2016	5,6	5,3	6,4	4,5	4,9	4,8
2016*	7,0	6,6	7,9	7,1	5,4	5,5
2017*	7,1	7,3	7,2	5,4	5,8	7,1

\* as from 2017, a new methodology of calculation has been applied. To ease the comparison, the same methodology was applied to the calls reported in the AAR 2016.

This calculation takes into account the renewals of Framework Partnership Agreements as well as the grants awarded to designated bodies<sup>8</sup>.

**KPI 2 (Payments completed in line with the set deadlines)** indicates a high compliance with the payment deadlines with 96% of all payments processed in time (93% in 2016).

**KPI 3 (Maximise the success of the projects by ensuring support and timely monitoring)** shows the effect of the monitoring strategy requirements put in place since 2014, with 21% of the on-going projects being monitored. This year the methodology to calculate this ratio has been slightly adapted to reflect the reality. It takes into account the total volume of open-projects at the end of 2017 (5.989) while the years before, the calculation was based only on the newly funded projects. In addition, the projects monitored in 2016 were deducted from the total on-going projects as we can assume that the average duration of a project is 2 years. To complement the monitoring activities, the Agency organised 16 kick-off events addressing the specific needs of the newly funded projects in 2017. This enabled the provision of specific guidance on project and financial management to 22% of the projects selected in 2016.

**KPI 4<sup>9</sup> is focusing on the reinforcement of policy support to the Commission.** The Work Programme for unit A7 in the fields of Education (Eurydice) and Youth (Youth Wiki) contributes substantially to reinforced policy support to the Commission. For instance the evidence and data provided to EAC for the ex-ante evaluation for the Solidary Corps was much appreciated and used in their report. The Youth Wiki was officially launched on 12 December with a web-streamed conference. The platform is a comprehensive database of national structures, policies and actions supporting young people that covers the eight main fields of action identified in the 2010-2018 EU Youth Strategy. The Youth Wiki Guide to Content (chapter 1 and 2) was shared with the European Knowledge Centre for Youth Policy (EKCYP) to be used for collecting information from countries of the Eastern Partnership. Thematic reports such as *Key data on Teaching languages at school in Europe 2017*, and Citizenship Education also fed the policy agenda and supported key Commission policy initiatives. In addition, the Agency systematically provided information on the success of the calls with recommendations for the future in each award decision. In addition, the Agency organised policy-related events such as cluster meetings in various areas of policy priorities (policy experimentation, sustainability and employability, Sport...). In line with its culture of feedback, the Agency collected the feedback of the

<sup>8</sup> For the sake of transparency, the global Agency TTG would reach 7.6 months if FPAs and the designated bodies are excluded from the calculation. Results by programme are available in Annex 12

<sup>9</sup> KPI 4 has been enlarged and renamed in the EACEA WP 2017 to cover not only the Work programme for unit A7 in the fields of Education (Eurydice) and Youth (Youth Wiki) but all policy-related activities of the Agency

participants, showing a high satisfaction rate (90%).

**For KPI 5 (Residual error rate)**, 3 programmes from the previous generation 2007-13 are above the 2% threshold; namely Lifelong Learning Programme (LLP), Youth and Culture. Youth and Culture programmes. The 3 reservations included in the AAR 2016 for Youth, Culture and LLP are maintained in 2017 even if these programmes are being phased out. This is the second year that error rates are issued for the generation of programme 2014-2020 and the results are encouraging (average 0.57%). This data demonstrates, step by step, the success of the actions put in place by the Agency following the reservations related to two programmes mentioned above where the materiality is above 2%.

## **c) Key conclusions on Financial management and Internal control**

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

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

In addition, EACEA has systematically examined the available control results and indicators, including those aimed to supervise entities to which it has entrusted budget implementation tasks, as well as the observations and recommendations issued by internal auditors and the European Court of Auditors. These elements have been assessed to determine their impact on the management's assurance as regards the achievement of control objectives. Please refer to Section 2.1 for further details.

In conclusion, following all the corrective measures put in place, the management has reasonable assurance that risks are being appropriately monitored and mitigated and overall, suitable controls are in place and working as intended, except for internal control components III "Control Activities" and IV "Information and communication" and that necessary improvements and reinforcements are needed and being implemented. The Executive Director, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance albeit qualified by reservations concerning the above mentioned internal control systems and the 2007-2013 programmes LLP, Youth and Culture.

## **d) Provision of information to the Commissioners**

In the regular meetings during the year between the Director and the parent DGs on management matters, the main elements of this report and assurance declaration, including the reservations envisaged, have been brought to the attention of the Agency's Steering Committee and to the parent DGs Directors General. The Director has also taken these issues into consideration in his reporting to Commissioner Tibor Navracsics, responsible for Education, Culture, Youth and Sport, Commissioner Dimitris Avramopoulos, responsible for Migration, Home Affairs and Citizenship, Commissioner Mariya Gabriel, responsible for Digital Economy and Society and Commissioner Christos Stylianides, responsible for Humanitarian Aid and Crisis Management.

# 1. IMPLEMENTATION OF THE AGENCY'S ANNUAL WORK PROGRAMME - HIGHLIGHTS OF THE YEAR

The Agency supported the Commission in the achievement of its strategic priorities for 2017, notably concerning skills, education and training, social inclusion, citizenship, the Digital Single Market and humanitarian aid. The following priorities are interrelated and will collectively contribute to the Agency being an efficient and effective competence centre for EU programme management.

2017 is the fourth year of the 2014-20 programmes described in sections 1.1 to 1.5.

- 1.1. Erasmus+
- 1.2. Creative Europe
- 1.3. Europe for Citizens
- 1.4. EU Aid Volunteers
- 1.5. Pan-African Programme

In addition to implementing these actions, the Agency continued monitoring the open projects which were contracted under the previous generation of programmes 2007-2013<sup>10</sup>.

This section provides the result of the key indicators on the implementation of the Agency's Work Programme 2017. The results are listed by programme implementation tasks and specific objectives. Detailed information on the results of the indicators can be found in Annex 12.

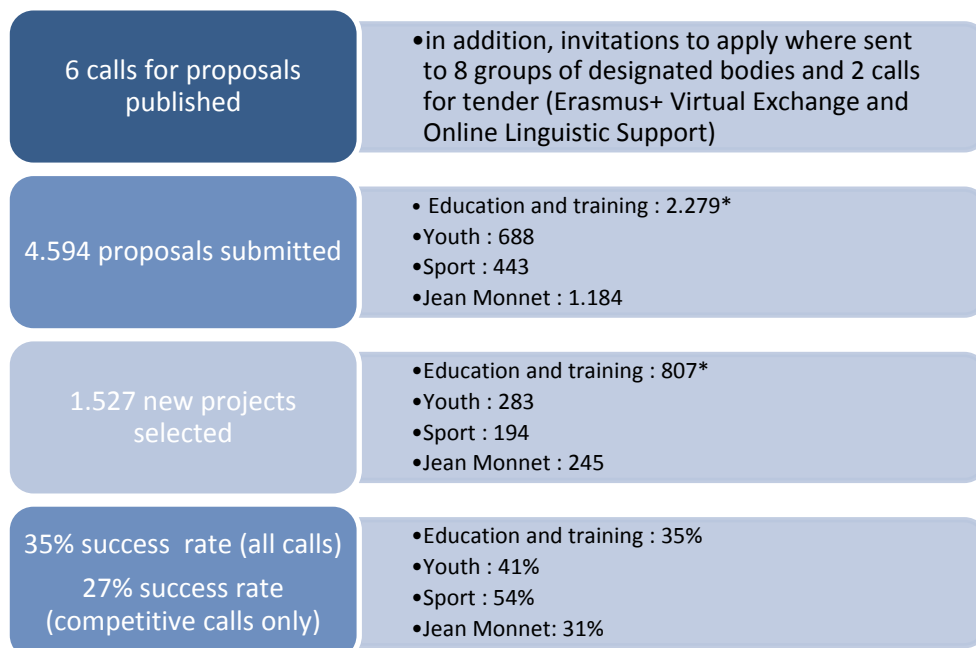
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<sup>10</sup> Full references for these programmes can be found in the Agency's Annual Work Programme 2013. [http://eacea.ec.europa.eu/about/documents/plan\\_gestion\\_report\\_activity/eacea\\_awp2013.pdf](http://eacea.ec.europa.eu/about/documents/plan_gestion_report_activity/eacea_awp2013.pdf)



## 1.1 ERASMUS+

The implementation of the above mentioned strands by the Agency contributes to the achievement of the specific objectives set by DG EAC<sup>11</sup> and listed in Annex 12.



Compared to previous years<sup>12</sup>, the Commission proposed in 2017 to maintain a high-level of continuity, although some priorities have been revised and complemented in order to take into account recent policy developments (e.g. actions related to the Paris Declaration on promoting citizenship and the common values of freedom, tolerance and non-discrimination through education). In 2017, the Erasmus+ budget (Heading 1) increased by 14% compared to 2016 impacting significantly some actions managed by the Agency (Knowledge Alliances +27% compared to 2016, Sector Skills Alliances +39% compared to 2016). The budget of Jean Monnet actions remained stable compared to 2016. Sport budget grew with 17% with significant increase of Small collaborative partnerships (+49% compared to 2016). The Agency continued placing the Erasmus+ projects, their applicants and other stakeholders in the fields of education, training, youth and sport at the centre of its activities. Universities, schools, non-governmental non-profit organisations, public institutions, businesses and international networks and other organisations interested in applying for Erasmus+ grants were all invited to Brussels, to participate in 4 Information days – dedicated events organised to promote the Erasmus+ calls for proposals managed by the Agency. The Agency also organised 2 live-web-streaming Infodays on the Sector Skills Alliance action with over 1.200 participants. In addition, for the international part of Erasmus+, the Agency organised in collaboration with EU delegations and with National Erasmus+ Offices (NEOs) 19 info days throughout the world. Potential applicants from the European Union, third countries, including EU neighbouring countries, Africa and beyond sent representatives or followed the events via web-streaming. Agency staff have also participated in several information activities in partner countries. Besides promoting the calls, the events served as an opportunity to

<sup>11</sup> Ref. DG EAC Management Plan 2017

\* including the Erasmus Charter for Higher Education : 516 proposals received and 284 proposals selected for which no grants are given

<sup>12</sup> DB2017 Programme statement

communicate the aspirations of the programme in different fields, to present the essentials of the application and selection process and information on project and financial management and, where relevant, the priorities. These promotional events organised in Brussels were complemented by a serie of eight webinars as well as targeted communications (e.g. Information news-mail to EU Delegations). The Agency also actively participated in 37 information activities organised by the Commission or other stakeholders. The importance of transparency and clarity in terms of how we manage the Erasmus+ grants has been at the core of these activities. Additional support has been provided to applicants through dedicated helpdesks managed by project officers, via the call guidelines, lists of FAQs, and other relevant support documentation published on the Agency website. Training activities on project and grant management have also been provided, particularly to key stakeholders outside the EU in order to increase their ability to assist applicants in their country with project preparation and the application process.

The calls published in 2017 attracted 4.594<sup>13</sup> applications across education, training, youth and sport sectors. 35% of the eligible applications received were awarded with a grant. The selection process often involved the assistance of external evaluators. Various ICT tools were used in as a basic principle for collaboration and communication. The briefing sessions for external evaluators were organised remotely.

As was established in the mid-term evaluation of the programme, Erasmus+ is well on track to achieve its performance indicators, as set in the legal basis, with more than 240,000 organisations<sup>14</sup> involved in cooperation projects. In addition, many more people benefited from cooperation projects involving 940,000 participating organisations<sup>10</sup>. Overall, the evaluation showed that, at mid-term, Erasmus+ has achieved or exceeded most of the indicators set in the legal basis for it. Demand for this programme greatly exceeds the funding available. Within the current programme architecture to 2020, the Commission will take steps to facilitate the participation of schools and other small-scale actors in the programme. For participating organisations (schools, universities, vocational education and training and adult education providers, youth and sport organisations, etc.) the expected changes are gradual and differ in intensity across the sectors of the programme. Continued participation is needed for deeper transformation. But the evaluation shows the programme has a clear 'Europeanisation' effect. The evaluation further showed that Erasmus+ is better aligned with EU policies than its predecessors and is flexible enough to adapt to emerging EU-level needs such as increasing social inclusion and preventing violent radicalisation. In the current programme, greater emphasis was placed on action that contributes to social inclusion following the Paris Declaration, the new priority areas under ET 2020 and the Youth Strategy or the New Skills Agenda for Europe However, to further maximise the programme's impact, the mid-term evaluation recommends that priorities be reduced in number and better focused. The evaluation also noted that there is potential to introduce better-targeted actions to maximise the relevance of Jean Monnet activities and the programme's added value in the adult learning sector.

The evaluation makes proposals to adjust the implementation of the current programme to help reach its full potential by 2020, and considers suggestions for improvements with a view to a successor programme. As regards the Erasmus+ actions managed by EACEA, the evaluation notably points to the need to do more to reach out to the more vulnerable in society and to facilitate the participation of smaller-size organisations. The evaluation

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<sup>13</sup> 3.766 excluding applications for designated bodies, FPA renewals and Erasmus Charter for Higher Education certification

<sup>14</sup> Including the projects managed by E+ National Agencies

underlines that the impact on the adult learning sector, which currently targets a wide population, is diluted due to the fragmented and diverse nature of the sector. Coherence can still be improved in relation to sport.

The Agency listened to the feedback received from the applicants, experts, projects, the Erasmus+ National Agencies and colleagues at the Commission, and sought to act upon their recommendations. Consequently, call guidelines were further simplified and ambiguous rules and criteria were clarified (e.g. eligibility criteria). By the end of the year the Agency had signed 1.496 grant agreements and grant decisions. Overall, the communication between the Education, Culture and Audiovisual Executive Agency and National Agencies has been improved in order to increase synergies between actions centralised and decentralised.

To capitalise on the knowledge and experience generated by the Erasmus+ and legacy projects<sup>15</sup>, and to extend monitoring beyond the individual results and impact to a more systematic recording of achievements, the Agency organised 30 Cluster conferences. These brought together several generations of projects from a specific field, projects linked by a common theme or objectives, or projects with a common area of influence (e.g. Cluster meeting on Social Inclusion). In addition to the evaluation of progress and final reports, the Agency supported its beneficiaries through 9 meetings of project coordinators, online briefings on Invitation and 216 monitoring visits on site and 314 monitoring in Brussels or on-line.

## 1.1.1 Education and Training

### 1.1.1.1 Specific objective # 2.1

#### **Contribution to the achievement of Commission's objectives**

The inherent objective of several Erasmus+ actions managed by the Agency is: *"Improving the level of key competences and skills, in particular through increased opportunities for learning mobility and strengthened cooperation with the world of work in education and training with particular regard to the relevance of these key competences and skills for the labour market and their contribution to a cohesive society"*. Such actions includes the Knowledge Alliances (KA), Sector Skills Alliance (SSA), and the Social Inclusion and Forward Looking Cooperation projects. The Agency has prepared and submitted to the Commission several synthesis reports highlighting the achievement of the objective and the results of projects by National Authorities for Apprenticeships (generation 2014), Sector Skills Alliances (generation 2015), Euroguidance and Europass and European Qualification Framework networks (2016), National coordinators of the Adult Education Agenda, and the 2016 results of eTwinning and EPAL implementation. The reports focus primarily on the impact of the actions, including transferable good practice examples and relevant recommendations. They have been appreciated by the Commission. The Agency prepared and submitted to the Commission several synthesis reports highlighting. In the framework of the VET specific calls for proposals, syntheses of projects, statistics, newsflashes, and background notes are regularly prepared to inform the Commission.

The Agency was also actively engaged in DG EMPL pilot actions targeting long-term mobility for apprentices. The collaboration with DG EMPL was strengthened, which resulted in Agency's increased presence in shaping up the future actions in the field of Vocational Education and Training.

EACEA addressed the social inclusion objective during two transversal social inclusion

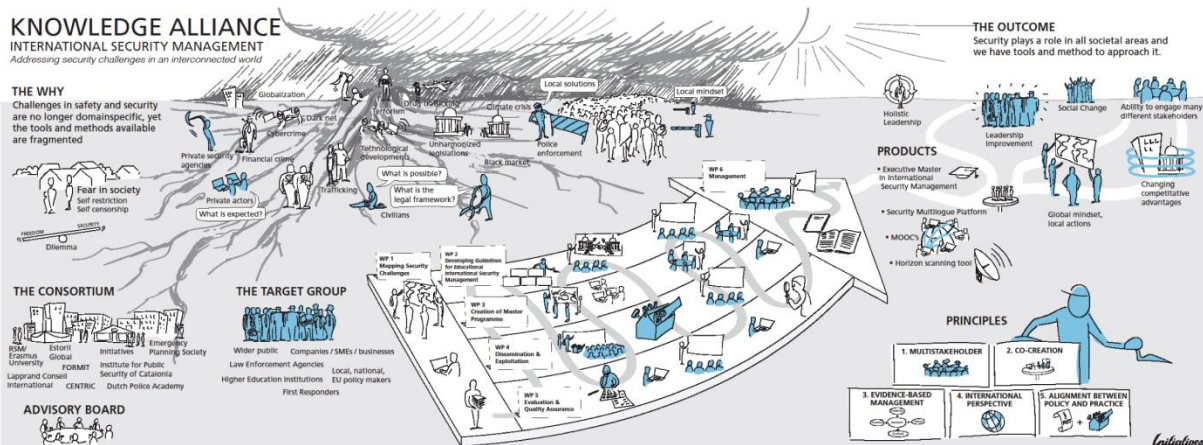
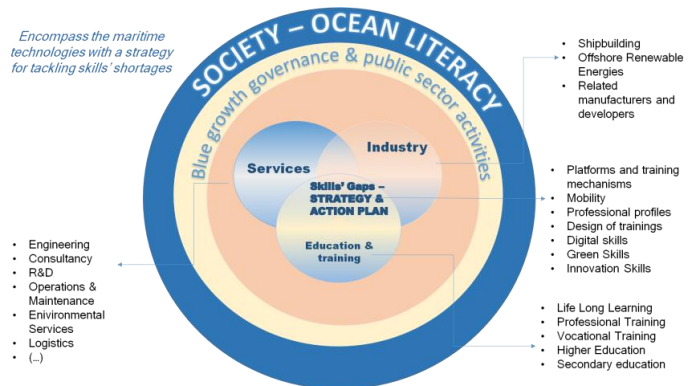
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<sup>15</sup> Projects funded by the legacy programmes: Lifelong learning programme, Erasmus Mundus, Tempus, Youth in Action.

cluster events which gave new insights into how projects address and contribute to the EU's political objectives and policies. The report on the Cluster meeting on Social inclusion on 'Inspiring trends in European funded projects' will be published in February 2018 to document those outcomes and findings. For the 2016 and 2017 generations of social inclusion projects, a mapping has been undertaken with a focus on the upscaling of good practises, their impact amongst the intended target groups and on policy support and development.

### Examples of EU added value of projects managed by EACEA

Sector Skills Alliances for implementing a new strategic approach ("Blueprint") to sectoral cooperation on skills identify and develop sectoral skills strategies with concrete actions to match the demand and supply of skills in order to support the overall sector specific growth strategies. In 2017, five blueprint for sector skills alliances projects were selected for EU co-funding with a total budget of EUR 19,74 Mio. During the coming four years, 102 organisations from 19 countries will focus on strategic skills shortages issues in automotive and maritime technology, space data (geo information), textile/clothing/leather/footwear and tourism sectors. As an example, the Maritime Alliance for fostering the European Blue economy through a Marine Technology Skilling Strategy (MATES) aims to assist the maritime sector in coping with the profound global changes that its industry undergoes. The alliance of 17 partners from 8 different countries will produce a strategic plan to tackle the ensuing skill shortages and contribute to a more resilient labour market which is capable of adapting to new scenarios. The aim is to safeguard the well-being of present and future maritime-dependent communities and the competitiveness of the industry. Combined efforts from education and science communities with industry, society and administration will widen the perspective of relevant knowledge and skills and increase opportunities for the labour force in an industry-led strategy.



Safety and Security are crucial dimensions for the functioning of societies. Developments such as natural hazards, immigration, radicalisation, and growing interdependencies of critical infrastructures have shown that security management has exceeded the local level. Yet, clear conceptualizations, structures and mind-sets for a truly European security system are still missing. The [International Security Management Knowledge Alliance](#) (ISM-KA) addresses this issue by creating sustainable and concrete resources and structures to foster international security collaborations. Deliverables will be horizon scanning for security threats/development, an exchange/knowledge platform for public and private security experts, and the creation of a multi-disciplinary, sectoral based

accredited MSc, and MOOC's for outreach to the wider public. Thus the project will establish an international learning, teaching, and knowledge-sharing environment, which contributes to the development and professionalization of leadership, innovation and operational proficiency in the field of international safety and security. The consortium consists of partners from higher education, private industry, law enforcement, municipalities, and NGO's.



The Social Inclusion project, (SOIL<sup>16</sup>) project fosters the inclusion of disadvantaged learners into mainstream education, including people with a migrant background, learners with disabilities, and ethnic minorities. While doing so, it also focuses on combating discriminatory practices against some learners who are already integrated. The partnership will use good practises and pedagogies to train teachers to better deal with diversity, to increase the take-up of inclusive education approaches, and to foster more welcoming and nurturing learning environments for all learners. Some of the partners have established partnerships with their Ministries of education to facilitate policy support and cooperation.

The Forward Looking Cooperation project 'Erasmus Without Paper'<sup>17</sup> is the first attempt to standardize student data transfer on a European-wide scale. The transfer does not involve documents themselves (e.g. scanned copies) but the data that are contained in these documents, so that they can be used for the production of various documents.

The Erasmus Without Paper project aims to create a network supporting the electronic exchange of exchange student data and documents by interlinking higher education institutions and their student information systems.

This innovative solution has an unprecedented potential to link all HEIs, resulting in the reduction of cost, efficiency of labour and better access to student data across Europe. This will ultimately lead to the permanent migration from the paper world to the electronic world of student data.

### **EACEA key achievements for 2017**

The selections results were in line with the relevant outputs foreseen by Work programme. To promote the calls, the Agency implemented various information and promotion activities, including a webstreaming information session for Knowledge Alliances and further advertised the action and the new funding opportunities for 2018 via social media. To assist applicants in preparing their Knowledge Alliance application,

<sup>16</sup> <http://www.soil-project.eu/en/About-SOIL/>

<sup>17</sup> [www.erasmuswithoutpaper.eu](http://www.erasmuswithoutpaper.eu)



the Agency designed a new and highly interactive training module. Further to the requests from the Croatian and French National agencies, this module was delivered to potential applicants in these countries.

The Agency also organised webstreamed Infodays for applicants of the Sector Skills Alliance action. The events were recorded in a professional studio and followed live by more than 1.200 participants from a large variety of countries. Apart from the general presentation of call specificities, this provided applicants with the opportunity to benefit from precise information on the sector specific call requirements. A partner search tool was put in place. The recording, presented by sector and by theme, as well as the partner search tool remains available on the Agency's event page. A webinar was delivered to present the Joint Qualifications in VET call, gathering more than 90 participants.

The project monitoring was carried on the basis of monitoring strategies relevant to the actions concerned. Whenever possible, the Agency sought to combine activities and use the most appropriate and efficient way for monitoring the projects. This included on-site monitoring visits (based on risk assessment), remote monitoring events, and bilateral meetings with beneficiaries during events gathering project coordinators. The reports from monitoring visits were shared with Commission colleagues and feed-back letters, including recommendations for improvements, were sent to all visited projects. Project beneficiaries appreciated the advice and support provided by the Agency. For Knowledge Alliances, a cluster meeting was organised for projects selected in 2014 and 2015. The meeting focused on university-business cooperation, dissemination, and project sustainability. It afforded participants the chance to network and exchange good practices. The main conclusions are summarised in a document shared with DG EAC. Kick-off meetings were organised for the newly selected beneficiaries in order to provide information about the relevant administrative and financial rules and procedures and to facilitate networking and experience sharing amongst participants. The Agency continued to manage on-line beneficiary communities (e.g.: the Knowledge Alliances community on Yammer was regularly used to interact with beneficiaries. The community expanded further and it now has more than 300 members).

#### 1.1.1.2 Specific objective # 2.3

##### **Contribution to the achievement of Commission's objectives**

*"To address the objective of promoting at policy level, in particular through enhanced policy cooperation, the dissemination of good practices and better use of Union transparency and recognition tools in education and training: the emergence of a European area of skills and qualifications, policy reforms at national level for the modernisation of education and training systems in a lifelong perspective, and digital learning the Agency has implemented the Work Programme in the field of Education, including the update of the Eurydice National Descriptions of systems to reflect policy reforms."*

The annual consultation with DG EAC on the Eurydice Work programme is based on the DG EAC gap analysis and the Education and Training 2020 objectives, so there is a clear link to Commission priorities.

##### **Examples of EU added value of projects managed by EACEA**

The data provided by Eurydice was used for drafting the Education and Training Monitor 2017. The Eurydice information on Structural Indicators provides an input to this report. Results from recent reports such as *Key Data Languages, Academic Staff and Instruction time* are also being used as a valuable factual resource for EU policy making in the field of Education. The efforts to create common data collections with the OECD were mentioned in the recent communication on School Education. The main findings of



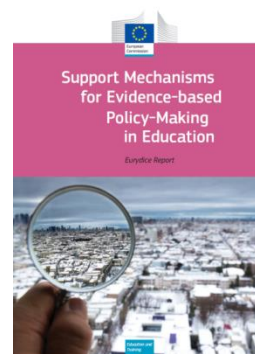
the Eurydice reports are used for EC press releases.

All Eurydice reports provide EU added value. They analyse state of play of policy implementation in areas of EU interest. This indicates that the Commission has a sound evidence-base on which to base its policy initiatives. One example is the recently released report *Key Data on Teaching Languages at school in Europe*, which provides information on foreign languages that are learnt, how long students spend studying foreign languages, the level of foreign language proficiency students are expected to reach by the end of compulsory education, etc. This report provides a solid evidence base in support of the recommendation on language learning which the Commission is due to adopt in May 2018.

### **EACEA key achievements for 2017**

The 2017-18 Work Programme for Education is being implemented according to plan. Every 3 weeks, the State of Play of Eurydice Publications provides DG EAC and the National Units information on deadlines, expected actions, and future developments. The Agency published ten reports addressing the above objective, which includes the following:

*Support Mechanisms for Evidence-based Policy-Making in Education* (January): This report describes the mechanisms and practices that support evidence-based policy-making in the education sector in Europe. It provides a comparative analysis of institutions and practices in evidence-based policy-making, as well as an analysis of the accessibility and mediation of evidence. The report presents information on each individual country, with specific examples of the use of evidence in policy formulation for each separate country.



*Structural Indicators for Monitoring Education and Training Systems in Europe 2016 – Thematic Overviews* (February): These thematic overviews provide background information on the Education and Training Monitor 2016, and examine education structures, policies, and reforms in five key areas: Early childhood education and care, Achievement in basic skills, Early leaving from Education and Training, Higher Education, and Graduate Employability.

*Key Data on Teaching Languages at School in Europe – 2017 Edition* (May): The 2017 edition depicts the main education policies regarding teaching and learning of languages in 42 European education systems. It answers questions concerning the foreign languages which are typically learnt, the length of time that students spend studying foreign languages, the level of foreign language proficiency which students are expected to reach by the end of compulsory education, what kind of language support is provided to newly arrived migrant students, and other topics.

*Modernising Higher Education – Academic Staff 2017* (June): The report explores the current realities for academic staff within this changing higher education landscape.

*National Student Fee and Support Systems in Higher Education 2017/2018* (October)-: This provides an overview of and outlines the main features of national fee and support systems in Higher Education. The report also provides more detailed information on each individual country.

*Citizenship Education at School in Europe* (November): The report gives a full picture of what policies exist to regulate citizenship education in Europe. What is citizenship education? How is it taught? How are students evaluated? Can citizenship skills be developed outside the classroom? What training and support do teachers receive? The report is divided into four chapters, each of which is



complemented by a case study on recent policy initiatives.

For policy experimentation projects, the cluster meeting involving the ministry representatives and researchers was organised. The event gave insights into how projects progress in the implementation and evaluation of field trials of their specific policy measures tested at European level. A synthesis evaluation report of 2014 and 2015 projects was prepared. It provides overview on quality of implementation processes, on the results therefore as well as on the possibility of the projects' expansion on the national and/or European level.

### 1.1.1.3 Specific objective # 2.4 and 2.2

#### **Contribution to the achievement of Commission's objectives**

In the context of the international dimension of the Erasmus+ programme, the Agency implemented actions which *"aim at supporting the Union's external action, including its development objectives, through targeted capacity-building in partner countries, cooperation between Union and partner-country institutions or other stakeholders and the promotion of mobility, and by enhancing the international dimension of activities in education and training by increasing the attractiveness of European higher education institutions,"* and *"at fostering quality improvements, innovation excellence and internationalisation, in particular through enhanced transnational cooperation at the level of institutions/organisations between education and training providers and other stakeholders."*

The Agency funded a new generation of projects which focused on Capacity Building in the field of Higher education (CBHE), implementing Erasmus Mundus joint Master Degrees (EMJMDs) as well as the annual activities of the National Erasmus+ Offices (NEOs) and Higher Education Reform Experts (HEREs).

To support policy development by the Commission and assist current and future beneficiaries of the Erasmus+ Programme, the Agency published an [Overview of the Higher Education systems in Partner Countries](#).<sup>18</sup> The Agency regularly reported about the progress made by the CBHE projects and activities in partner countries and provided recommendations to the Commission and other stakeholders. A synthesis report on the 2016 HEREs activities has been produced and shared with all the concerned parties.

Regarding the Erasmus Mundus projects, the Agency gathered and analysed feedback from students – recipients of EM scholarship, EMJMD course coordinators and EM students and alumni association, which served as a basis for recommendations concerning further development of EM joint programmes. The implementation of these activities shows a high degree of satisfaction with the Erasmus Mundus. Indeed, the high interest in the EM is reflected through the increase in the number of EM scholarship applications and its added value reflected in the internalization progress and inter-institutional collaboration of Higher Education Institutions in programme and partner countries. EMJMDs success stories reveal the programme's impact on HE policy and its relevance for other priority areas of the Commission such as relations to the European Year of Cultural Heritage 2018).

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<sup>18</sup> Erasmus+ regions 1,2,3,4 and 7



## **Examples of EU added value of projects managed by EACEA**

The European Masters in Migration and Intercultural Relations (EMMIR) is an example of a successful African-European Master Course run under the Erasmus Mundus label. The latest developments in the EU demonstrate the need to find new responses concerning migration and issues relating to intercultural relations. As a multi-faceted study programme in migration studies, EMMIR responds to these challenges and opportunities by encouraging students to critically evaluate and enrich existing knowledge, concepts, theories, and terminologies. EMMIR is jointly run by three African and four European universities. Various associate organisations on the regional, national and international level provide significant assistance for student internships and graduate employment. EMMIR includes study periods in both Europe and Africa. It focuses on migration through an intercultural approach and provides profound theoretical skills in migration studies combined with field work in Europe and Africa.

The capacity building project entitled MERIC-Net focuses on the importance of recognising credits and qualifications in the Southern Mediterranean related to the refugee crisis. The MERIC-Net addresses the issue by revitalising the MERIC recognition network, promoting stronger cooperation between the EU and the southern Mediterranean in the area of qualification recognition. Online and face-to-face training for government officials and university staff from Algeria, Lebanon, Morocco, and Tunisia is being organised in order to familiarise participants with EU higher education systems, recognition practices, and National Recognition Centres. Guidelines are also being developed for the evaluation of non-traditional, cross-border or trans-national education and distance learning institutions and their qualifications, in order to foster up-to-date recognition practices. The trans-European experience shared by participants on the project helps to facilitate the integration of refugees and displaced persons.

## **EACEA key achievements for 2017**

### *Erasmus Mundus actions*

For the selections 2017, the Agency has implemented the 2017 Work Programme accordingly. Compared to 2016, there has been a 33% increase in applications submitted to the 2017 EMJMD call following a targeted information campaign which consisted of workshops on how to prepare good proposals. The selection threshold was particularly high (80/100). Overall, the quality of proposals submitted has improved in comparison to previous years in terms of relevance, implementation, and cooperation agreements. One strength of the majority of proposals was the "internationalisation." In general, the proposals were highly innovative and attractive. Applicants provided strong arguments to support the added value of their projects. The interaction between the EMJMD partners and the non-educational actors has improved significantly. The number of partner HEIs applying for additional scholarships for targeted regions of the world has also increased compared to 2016. The distribution of scholarships to students from ERASMUS+ partner countries illustrates that the programme is very popular and attracts students from all over the world. More than 160 nationalities have been selected and the programme is particularly popular in Asia (India, Bangladesh, Pakistan, China, Philippines etc.), in Ethiopia (second highest number of applications overall), and in Latin American countries such as Brazil and Mexico.

*'How does one describe a programme that provides you with extensive empirical opportunities and hyper diversity while constantly performing at high academic standards? One word: phenomenal !'  
Jaafar, EMMIR graduate*

Remote monitoring activities including meetings in Brussels and at the Agency were increasingly used to monitor projects, taking a share of nearly 70% compared to 30% of projects covered by monitoring missions. Via desk monitoring, all the ongoing projects under the unit's management were duly followed up. In total 42 missions were carried out (34 in programme countries and 8 in partner countries,) covering 55 projects, 8 info days (2 combined with monitoring visits) and 2 higher education events. Monitoring activities gave convincing evidence that most of the projects are progressing well and

meet the programme's objectives. The main findings show that EMJMD and the EM Action 2 partnerships add to the internationalisation of the institutions involved. They foster international cooperation, attract high-level students from all over the world and enhance EHEA's international reputation. The conference, "10 Years of Erasmus Mundus Partnerships (2007-2017): Worldwide Bridges Towards the Future," was organised as part of the valorisation strategy and to discuss the impact of the EMA2 action with coordinators, partner HEIs, students, experts and EU representatives. The debate focused on the results of two online surveys launched in 2014 and 2016 targeting EMA2 scholarship holders and HEIs respectively. Participants expressed a high level of satisfaction, praising in particular the valuable content of the discussion and interactive and inclusive approach followed. The Agency supported the Commission in its collaboration with the Erasmus Mundus Alumni Association (EMA) in particular by contributing to numerous events either in Brussels or in remotely elsewhere. The meeting organised by the Commission and EMA in December in Brussels was very beneficial for all parties involved including also representatives from success stories. As a result, collaboration between EMJMD projects and EMA should be strengthened in the future. The Agency also supported the Commission in the preparation and follow-up of its annual Graduate Impact Study for students and alumni, that gave testament once again to the success of the programme.

#### *Capacity Building Higher Education*

The Agency implemented the third CBHE call for proposal which generated 833 applications (an increase of 13% compared to 2016) and led to the selection and contracting of 149 new projects. The quality of CBHE applications has increased compared to the other years notably in some regions such as Asia. There has also been good geographical coverage, with almost all eligible countries represented in the selected projects. This year has seen an increase in the participation of institutions from less-developed countries and an increased number of applications for the newly implemented regions such as Asia and Africa. The Time to Grant linked to the two last selections of CBHE reveals that the selection process as well as the contracting phase are lengthy. Reflexions will take place in order to see how this period could be reduced. For more details please see Annex 12.

The Agency has carried out 40 missions including thematic/national/regional/cluster meetings involving representatives from 287 CBHE projects, 125 individual project visits, 4 institutional visits (Montenegro, Moldova, Jordan, Kyrgyzstan), and 19 information sessions organised by the Agency with the support of the European Union Delegations and NEOs. The monitoring visits shows that the national and regional clusters are useful because they reinforce an understanding of administrative and financial rules in the partner countries' institutions. The regional clusters create synergies and cooperation amongst the institutions of a select country/region and provide greater opportunities for mutual learning and exchange of good practice. 373 representatives from the CBHE projects, National Erasmus+ Offices, International Contact Points, as well as EU Delegations from 8 Partner Countries and representatives from the European Commission (EAC, DEVCO, and EACEA) participated in the CBHE grantholders kick-off meeting (January 2017). The innovative approach (workshop based and "connect me" tool) was highly appreciated by the participants and more than 90% of the survey respondents indicated that they were very satisfied. In October, the Agency organised the Coordination meeting for the National Erasmus+ Offices (NEO) in the ex-Tempus Partner Countries and the International Contact Points (ICP) of the Erasmus+ National Agencies in the Programme Countries. This meeting was preceded by a one-day working meeting for the NEOs on management issues. The purpose of the NEO-ICP coordination meeting was to brief attendees on the implementation of the Erasmus+ Programme concerning its international dimension in Higher Education. The meeting gathered 149 participants from 77 countries. 93% of the respondents were satisfied.

#### 1.1.1.4 Specific objective # 2.5

##### **Contribution to the achievement of Commission's objectives:**

Aiming 'at improving the teaching and learning of languages and promote the Union's broad linguistic diversity and intercultural awareness' the Online Linguistic Support (OLS)<sup>19</sup> has already reached out to almost 1,000,000 mobility participants taking the first language assessment prior to their Erasmus+ mobility. Nearly 400.000 higher education students, vocational education and training learners, and young volunteers taking part in the Erasmus+ programme have been granted access to OLS language courses that are currently available in 18 languages. The current data available shows that Erasmus+ mobility participants improve their language skills by at least one CEFR level during their mobility and OLS is contributing to such achievements.

##### **Examples of EU added value of projects managed by EACEA**

Linguistic competencies and skills are key to the integration of refugees and migrants in society. The objective of the OLS for Refugees initiative is to support the efforts of EU Member States to integrate refugees into Europe's education and training systems, and ensure their skills development. Up to 100,000 refugees could benefit from the "OLS for Refugees" feature over 3 years on a voluntary and free of charge basis.



Map of available access to OLS tool

#### 1.1.1.5 Specific objective # 2.7

##### **Contribution to the achievement of Commission's objectives**

The Agency has shown adaptability and flexibility when taking on board responsibility for implementing the new initiative of the Commission, the Erasmus+ Virtual Exchanges (EVE) that address the following specific objective: "To contribute to the objective of improving the level of key competences and skills, in particular through increased opportunities for learning mobility and strengthened cooperation with the world of work in the field of youth including for young people with fewer opportunities, those active in youth work or youth organisations and youth leaders with particular regard to participation in democratic life in Europe and the labour market, active citizenship, intercultural dialogue, social inclusion and solidarity". The Erasmus+ Virtual project will link young students, youth workers, youth organisations and academics from European and Southern Mediterranean countries through online learning tools. Virtual exchanges offer a complement to physical mobility, which is not always possible for everyone who would wish to take part in Erasmus+. The pilot, with a budget of almost EUR 2 Mio until December, will reach 8,000 participants.

<sup>19</sup> <https://erasmusplusols.eu/fr/ols4refugees/>

The public procurement process for a service contract was launched and completed in a record time. The Agency received three good quality tender proposals. The contract was awarded to a consortium led by the organisation Search for Common Ground, and a kick off meeting with the EVE Steering Committee and consortium partners took place in January 2018. The first results are expected at the end of February 2018. By then the virtual exchange Hub should be up and running and a communication strategy in place. If successful, the Commission explores the possibility of turning this action into a regular Erasmus+ action, and expand it to other geographical areas.



## 1.1.2 Youth

### 1.1.1.6 Specific objective 2.7, 2.8, 2.9, 2.10

#### **Contribution to the achievement of Commission's objectives**

In the field of Erasmus + Youth actions, the Agency has concentrated on the objectives of *“improving both the level of key skills and learning mobility amongst young people in the world of work; promoting, at policy level, the dissemination of good practices and better use of Union transparency and recognition tools in the field of youth; and supporting the Union's external action, including its development objectives, thereby enhancing the international dimension of activities in the field of youth.”*

The Agency provided regular feedback to the Commission on implementation of actions such as Capacity building in the field of youth, Structured dialogue: support to National Working Groups, Support to better knowledge in youth policy, Eurodesk Brussels-link, European Voluntary Service (EVS) Insurance all addressing the above objectives.

Throughout the preparations and during the pilot of the new Commission initiative, the European Solidarity Corps, the Agency provided DG EAC with various types of comparative data concerning volunteer matters such as volunteer costs and insurance data. The Agency assisted EAC in cross-checking EVS and ESC volunteers' registrations and ensuring that registrations were aligned. The Agency continued to closely monitor the insurance contract implementation. The service contract was amended to allow for more efficient supervision and management and to ensure continuity of insurance for volunteers during the period of launching and negotiating of new tenders. Feedback from ERASMUS+ National Agencies and from volunteers showed that the services provided by the contractor were good. The Agency followed up on several sensitive and complex insurance cases, resolving them with the service provider to the satisfaction of the volunteer.

Concerning the action, “Support to better knowledge in youth policy,” (Youth Wiki) the evidence and data provided to DG EAC for the ex-ante evaluation for the Solidarity Corps was greatly appreciated. The Youth Wiki website was positively received by stakeholders both at operational and political level.

## **Examples of EU added value of projects managed by EACEA**

The Youth Wiki, launched in December 2017, is a comprehensive database on national structures, policies, and actions supporting young people. It aims to promote European cooperation in the field of youth and support evidence-based decision making. The Youth Wiki has already proved its worth in the context of the European Solidarity Corps. The Agency was able to provide analysis of existing volunteering schemes at national level, thereby establishing an evidence base on which this new policy initiative could be supported. The presentations for the Youth Working Party and the Erasmus+ National Agencies resulted in very positive feedback on the platform and proved the need for further development of this tool.

The project on the implementation of Structured Dialogue in Lithuania (2016) focused on implementing the results of the consultations, reaching the target groups, and increasing the recognition of Structured Dialogue as a brand. A key objective was to further implement the new communication campaign introduced in 2015 under the slogan, "Get involved! Your opinion matters". About 250 young people participated in the online consultation. The evaluation of activities of this one-year project took place in its final stage, gathering together the National Working Group members, youth workers, and coordinators of youth affairs. Participants were informed of the results of this research into the ways in which young people can still participate in decision making processes. It was important to learn more about the ways in which to engage young people who are not necessarily affiliated to any specific group and to enable them to participate more in the decision making processes.

Another example is "PRESET" (Participation, Resilienz and Employability through Sustainability, Entrepreneurship and Training project) which involved 6 partners in Programme countries and in Latin America. Focusing on sustainable entrepreneurship and media usage, it developed innovative educational and training contents including a web based eLearning resource, "Youth Business 2.0" for youth workers, containing good practice, training modules and other practical tools, and an app called ECO Navigator, based on the theme of sustainable entrepreneurship and providing young people with a comprehensive knowledge base and interactive learning tools.

## **EACEA key achievements for 2017**

The 2017 activities were implemented according to the Work programme. The Agency developed a promotional campaign for the launch of the Youth Wiki. Along with DG EAC, it organised a dedicated Youth Wiki launch event (also a web-streamed conference). The Youth Wiki network discussed the planning for 2018 and the national promotion activities. In the course of 2017, Cyprus, Croatia, and Poland joined the Youth Wiki Network and provided content for the first 5 chapters of the platform. In accordance with the plan, all of the other countries uploaded content for chapters 2-3. To discuss the results of external evaluation of specific wiki chapters and to provide training for newcomers, the Agency organised a Network meeting. The meeting also served to reflect and plan the future national promotion strategies.

Regarding the action Capacity Building in the field of youth (CBY), 158 projects were selected out of 525 applications. Only 1 selection round took place instead of the usual 2. Consequently, less applications were received and the success rate for calls was higher than the previous year (30.9%). The Time to Grant of CBY reveals that the selection process as well as the contracting phase are lengthy. Reflexions will take place in order to see how this period could be reduced. For more details please see Annex 12. In parallel to the regular desk monitoring (i.e. assessment of progress and final reports, contractual amendments), on-site project monitoring visits were carried out in Albania, Kosovo, Poland, and Ukraine. To mitigate project implementation risks, relevant project beneficiaries were invited to convene in Brussels. Feedback from monitoring clearly demonstrated that beneficiaries and future applicants desire even more regional information sessions and kick off meetings. The beneficiaries asked for simplified reporting, a request which will be taken on board by the Agency in the course of 2018. In order to promote the Capacity Building Youth call, the Agency organised three region-



focused web streaming sessions for organisations established in the Western Balkans, in the Eastern Partnership Countries, and in Tunisia. The web streaming sessions attracted 694 connections for the Tunisia *window* presentation, 588 for the Eastern Partnership *window* presentation, and 183 for the Western Balkans *window* presentation. In addition two country specific information events were held respectively in Albania and the Kosovo. The purpose of these events was to explain the policy objectives, priorities, and opportunities provided by the CBY action. Information events were organised in Kiev (Ukraine) and Tbilisi (Georgia). The events were organised in cooperation with the EU Delegation in Kiev and the Georgian Youth Ministry.

## 1.1.3 Sport

### 1.1.1.7 Specific objectives 2.11, 2.12, 2.13

#### **Contribution to the achievement of Commission's objectives**

The Erasmus+ Sport actions focus on supporting good governance in sport and dual careers of athletes; tackling cross-border threats to the integrity of sport, such as doping, match-fixing and violence, as well as all kinds of intolerance and discrimination. This objective is relevant for the following actions and on promoting voluntary activities in sport, together with social inclusion, equal opportunities and health-enhancing physical activity through increased participation in, and equal access to sport. The Agency continued supporting the policy developments in the field of Sport through a well established cooperation with the Council (Working Party on Sport) and the European Parliament (Sport Intergroup), and DG EAC.

The Agency organised the cluster meeting on "Encouraging participation in Sport and Physical activities" which gathered ERASMUS+ projects, the European Commission, European Parliament, and EU national authorities responsible for sport matters. It was the first time that ERASMUS+ Sport projects selected in the area of Health Enhancing Physical Activity (HEPA), Member States represented in the Working Party on Sport (Council), HEPA Focal Points in each Member States, and main Sport Stakeholders all met to discuss and to exchange ideas and best practices in the HEPA area. The meeting incorporated two sets of workshops built around four topics: health, education, grassroots sport, and infrastructure, The outcomes of workshop discussions together with the overview of presentations delivered during the meeting will be set out in a separate report which will be delivered to the Working Party on Sport in the Council. The successful organisation of the event resulted in a decision to organise a sport thematic cluster event on annual basis and the events' organisation is now foreseen in the Commission's Work Plan for Sport (2017–2020) and was adopted in May 2017 by the Council.

#### **EU Added Value dimension of the programme**



The Collaborative Partnership project entitled "SCORE: Strengthening Coaching with the Objective to Raise Equality"<sup>20</sup> promotes gender equality in sport coaching by focusing on increasing the number of female coaches and using innovative solutions to break the barriers for female coaching. Gender equality in sport (and in particular in coaching) is a major problem and without the support of the Erasmus+ Sport programme it is unlikely the issues would have not been tackled

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<sup>20</sup> <https://www.score-coaching.eu/>

from European dimension perspective<sup>21</sup>.

The European Sport Event 'European Competition for Autistic People'<sup>22</sup> (ECAP) is another example showcasing the value of European scale activity which address and promote inclusiveness in sports. It was the first European event (swimming and running competitions) for athletes with autism. 12 European organisations took part in this event including 8 training schemes and 2 seminar sessions. For the majority of the European organisations it was the first time that children affected by autism left their homes for a trip outside their country thanks to the Erasmus+ Sport programme<sup>23</sup>.



### **EACEA key achievements for 2017**

Compared to 2016, the number of applications received increased by around 10% (410 in 2017, 369 in 2016). To promote the call, the Agency organised the 4th edition of ERASMUS+ Sport Info day in Brussels. The event is one of the major events in the field of sport and is highly appreciated by sport stakeholders. The EU Commissioner for Education, Culture, Youth and Sport is always present. This year a record was reached with 524 participants coming from 38 different countries. The audience was new to the programme with three-quarters of them never having participated in previous infodays and never having received grants under the ERASMUS+ Sport programme. Feedback from this event has been very positive with increased networking taking place even before the event via the ConnexMe application. This application was very popular with 518 users and with thousands of private messages exchanged and comments posted. There was also success via the Sport dedicated Twitter account (@EUSport) with 90 new followers and with the hashtag #SportInfoDay used around 400 times.

A priority of monitoring projects in the field of HEPA (Health Enhancing Physically Activity) was established taking into account the relevance of the European Week of Sport launched by the Commission every year in September. This also the reason why a cluster meeting in this area was organised in December 2017 in order to allow ERASMUS+ Sport projects selected in the field of HEPA to exchange ideas and best practices with EU Policy makers (Member States and HEPA focal points). Apart from carrying out on-site monitoring visits of projects and evaluating reports by beneficiaries, the Agency continued with organising kick off meetings for new beneficiaries. In February 101 projects (out of 119) attended the Erasmus+ Sport project coordinators' meeting in Brussels. The event gathered organisations selected in the 2016 second round of collaborative partnerships, small collaborative partnerships and Not-for-profit European sporting events. The meeting provided information about the latest policy development in the fields of sport, guidance on project management, and contractual obligations. Time was also dedicated to bilateral meetings of project coordinators with EACEA project officers. The event was highly appreciated by the participants and considered important for the successful launch of projects.

The Agency was also actively engaged in the organisation of the EU Sport Forum which took place in Malta on the 8<sup>th</sup> and 9<sup>th</sup> of March under the Maltese Presidency. There were around 300 participants including leading representatives from international and

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<sup>21</sup> <http://ec.europa.eu/programmes/erasmus-plus/projects/eplplus-project-details/#project/f015364e-afe9-44ab-8719-f0f6cd0f588d>

<sup>22</sup> [www.ecapfilippide.eu](http://www.ecapfilippide.eu)  
Outputs published as soon as the administrative reporting has been completed.  
<http://ec.europa.eu/programmes/erasmus-plus/projects/eplplus-project-details/#project/2fc67a2d-ad0e-4132-90e8-c396143a294b>

European sport federations, the Olympic movement, European and national sport umbrella organisations, and other sport-related organisations. Representatives of the EU institutions such as Commissioner Navracsics, MEPs, and members of the EU Council were also present. This event was a unique opportunity for the Agency to be updated on sport-related policies. It also afforded the Agency the chance to meet with sport stakeholders, decision-makers, project coordinators of the selected projects under the Erasmus+ programme. A seminar of the National Coordinating Bodies in charge of the implementation of the European Week of Sport at national level took place on 9<sup>th</sup> March. The restricted call for proposals for these designated bodies is fully managed by the Agency which meets with these bodies three times per year.

## 1.1.4 Jean Monnet

### 1.1.4.1 Specific objective 2.6

#### **Contribution to the achievement of Commission's objectives**

The objective of promoting excellence in teaching and research activities in European integration through the Jean Monnet activities (JMA) worldwide was reached by selecting the new generation of JMA projects, providing support to the seven designated Jean Monnet Institutions and continuously assisting the Commission and other stakeholders in promoting the European Integration. The Jean Monnet (on-line) Community hosted by the Agency, continued to grow with more than 800 members hosted. It serves as communication channel for sharing know-how, providing updates on developments in EU integration studies, and for consulting on common issues and promoting developments in the area.

The Agency closely collaborated with the Commission when preparing the conference on the occasion of the '60 years of the Treaties of Rome'. Identifying conference speakers and providing background information for the aligned Jean Monnet Seminar "The Future of Europe: a commitment for You(th)", the support by the Agency has been much appreciated. The event gathered around 120 participants, mainly Jean Monnet professors, with the aim of producing 3-4 concrete recommendations to be forwarded to the EU institutions and/or the JM Community. The Agency worked on the concept for the event and its Director was entrusted with the role of a moderator during this high level event. The Agency also collaborated with DG EAC on the launch of the 2017 "Altiero Spinelli Prize for Outreach: Spreading Knowledge about Europe." The Agency was actively involved in the consultation and in proposing experts for the evaluation process.

#### **Examples of EU added value of projects managed by EACEA**

Matters relating to European Union and its integration make-up the substance of all Jean Monnet projects. The EU added value is therefore an inherent component of all selected projects.

The project "Engaging Europe: From Canterbury to Brussels" is a JM 'Chair' project implemented by Canterbury Christchurch University. It looks at misrepresentations about the EU linked to the British "leave" vote. The project considers UK-EU relations at the beginning of a difficult Brexit negotiation process, examining the EU from the perspective of its foreign policy. The activities of the JM Chair address audiences beyond the political science–community, reaching out to students from other faculties and to high school communities and by offering training to early career lecturers and school teachers. The JM Chair title holder is a reputed European Studies specialist with a strong international profile, and is actively involved in communicating about Europe and European values in the UK and further afield.

Addressing another current affairs issue is a project which involves a partnership led by Slovenska Polnohospodarska Univerzita, Slovakia. The Sustainable Land Management Network involves 5 universities in 5 different EU countries. Their project promotes teaching and research in the field of European Union studies, with particular emphasis on the area of sustainable European land-management, agriculture, rural development, and



management of natural resources. The network incorporates outside expertise that is lacking within Slovakia. Each University was chosen based on their specific professional focus ensuring multidisciplinary synergy. The research part of work provides hands-on deliverables e.g. "Manual of Concrete aspects of Land management in the EU" with the aim of reaching executing administrations. The project demonstrates how an EU member state can jump-start some reforms based on existing, "best of breed" experiences within the EU.

### **EACEA key achievements for 2017**

As in the past years, the response to the JM call showed high levels of popularity in the Higher education sector. The Agency managed to process more than 1,100 grant applications, and successfully closed the selection and contractualisation phases. Out of the 245 projects selected, nearly 100 were from non-EU member states institutions. This includes some very remote countries such as Iran and Kazakhstan, for which the administrative processing is more complicated. To support the newly selected projects, the Agency organised a Jean Monnet Kick-off meeting. It took place within the framework of the biennial Jean Monnet conference, "A turning point for Europe," in November. This was the first Kick-off meeting for Jean Monnet beneficiaries within Erasmus+ and provided an opportunity to bring together over 200 successful Jean Monnet beneficiaries from the 2017 call. The Agency provided support and guidance on project and contract management as well as guidance on activity implementation tips. The meeting gave participants the opportunity to network and exchange information on good practices. The event was the biggest Jean Monnet Conference to date, attended by over 360 participants including university professors, young PhD students, policy makers, and think-tank representatives. Dedicated to highly relevant topics, such as 'Future of Europe,' the event facilitated discussions with forty top quality speakers and moderators from all over the world. The method of combining the kick-off meeting for new Jean Monnet beneficiaries with the policy-orientated debate of the second day involving the larger Jean Monnet community was widely appreciated by the participants. At the same time it facilitated a closer collaboration between the Agency and the Commission on both the practical project management and policy aspects of the Jean Monnet activities.

In order to be more efficient, instead of carrying out individual monitoring visits the Agency has invited the Jean Monnet Network beneficiaries to Brussels for a meeting. Three years on from their establishment, the Jean Monnet Networks represent a critical mass of information and expertise, contributing efficiently to policy debate with the academic world and to the involvement of civil society. This cluster meeting focused on the key themes identified within the different Networks (European Foreign Policy, Migration, European Governance, Crises Management, EU Civil Society, Economy and Education). It aims to stimulating an interchange on content, impact, and dissemination as well as management and cooperation issues between networks and partners. It also allowed the Agency to monitor the progress of on-going projects. The event was highly appreciated by the participants. As a result, the importance of the neutral role of HEIs in dealing with complex matters, bringing together NGOs, policy makers, governments' representatives and Unions to draw a common view was underlined. To support the sound implementation of actions by the designated JM institutions, the Agency organised a dedicated Information meeting. It gathered the representatives from all the Jean Monnet institutions and focused on the monitoring of the activities and the exchange of information. The meeting also served to consolidate the collaboration with the seven organisations<sup>24</sup>.

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<sup>24</sup> i.e, the European University Institute, the College of Europe (Bruges and Natolin campuses), the European Institute of Public Administration, the Academy of European Law, the European Agency for Special Needs and Inclusive Education, and the International Centre for European training

## 1.2 CREATIVE EUROPE

In cooperation with DG Education and Culture (DG EAC) and DG Communications Networks, Content and Technology (CNECT), the Agency contributes to the implementation of the Creative Europe Programme 2014-2020<sup>25</sup> and to its General Objectives. In particular for the MEDIA sub-programme DG CNECT and the Agency will work together on the implementation and further development of the "visibility roadmap" for MEDIA. This roadmap aims at enhancing the visibility of the MEDIA programme through an efficient collaboration between the Agency and DG CNECT whilst ensuring that all communication actions comply with copyright provisions. In accordance with its mandate, the Agency implements the actions of the Creative Europe work programme 2017<sup>26</sup> it has been entrusted with activities under the following parts of the programme:

- Culture Sub-Programme
- MEDIA Sub-Programme
- Cross-sectoral strand (in particular support to the Creative Europe Desks)

17 calls for proposals published

•In addition, 1 invitation to apply was sent to the Creative Desks and 1 open call for tender (Stands)

5.923 proposals submitted

•Culture : 906  
•MEDIA : 4.978  
•cross sectoral strand : 38

2.599 new projects selected

•Culture : 157  
•MEDIA : 2.405  
•Cross sectoral strand : 37

47% success rate

•Culture : 22%  
•MEDIA : 48%  
•Cross sectoral strand : 97%

The work programme 2017 has been implemented according to plan. The WP 2017 (C(2016) 5822) adopted on 16 September 2016 was further amended (C(2017)3717) on 6 June 2017. The late adoption of the Work Programme consequently delayed the publication of the calls foreseen in September 2017. The programme continued to be implemented according to its 7-year schedule, with more and more focus on evaluation of the finalised projects. The MEDIA sub-programme in 2017 was adapted in the light of the Digital Single Market strategy, in particular as regards the Online distribution scheme. This aimed to increase access to EU works online as EU VOD services are struggling to establish their brands and become commercially viable. Therefore the focus was on innovation and marketing, both in terms of the VOD services and the EU works they carry. Online release costs also became eligible on the Distribution schemes. The Culture sub-programme focused on the performance of the networks and platforms, as

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<sup>25</sup> Regulation (EU) No 1295/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Creative Europe Programme 2014 to 2020 and repealing Decisions No 1718/2006/EC, No 1855/2006/EC and No 1041/2009/EC

<sup>26</sup> C(2016) 5822 of 16 September 2016 amended by the decision C(2017) 3717

the first generation of these comes to an end in 2016. The 2017 call for platforms and networks, the last planned under Creative Europe, is therefore be very important from the point of view of performance and sustainability of these major projects with a direct impact on the cultural landscape in Europe.

The high level of response to calls for proposals for MEDIA and Culture made managing the selection challenging. All in all, the Creative Europe programme attracted approximately 6,000 applications. As a result of the selection process, more than 2,500 projects were selected (including FPA and Creative Desks) and beneficiaries signed their grant agreement/decision on average no later than 8 months after their submission of proposal. The networks and large cooperation projects are having structuring effect on the sector and have been contributing to the development of the culture policy by DG EAC.

The internal procedure put in place to review selection decision confirmed the good management of selections: where approximately 0.8% of applicants requested a review, after thorough analysis of the requests, the initial decision was confirmed in the vast majority of cases. Approximately 300 new or on-going projects were monitored in the course of 2017 either specific events (Cannes, Berlinale, book fairs). Kick off meetings took place for refugee projects, networks, cooperation projects and platforms, as well as showcase events to share success stories or projects that have had exceptional results. Creative Europe desk meetings provided opportunities of exchange between the Commission, the Agency, and cultural organisations on key programme priorities.

EACEA assisted DG CNECT and DG EAC and conducted an intense preparation of the CE WP 2018 over the summer, which was adopted in September. The Agency was also highly involved in the elaboration of the new monitoring framework and the formulation of the new indicators with the development of e-reports which will have a major impact on the collection of feedback for the Commission. While the Agency worked closely with DG EAC in the preparation and the implementation of the European Year of Cultural Heritage, a significant role was also played by the Agency in the review of the Creative Europe MEDIA Lump Sums, in the Level Playing Field Working Group and the current mid-term review.

The Agency was closely involved in the interim evaluation of the Creative Europe programme (2014-2016), coordinated by DG EAC with inputs from DG CNECT and Secretariat General . A public stakeholder consultation on the interim evaluation of the programme was conducted from 23 January to 24 April 2017. The results of this evaluation, will help improve the implementation of the Creative Europe from 2018-2020 and will feed the design of the successor programme.

Creative Europe remains highly relevant to the changing priorities of the sectors, to the strategies pursued by the Member States and to EU policy priorities. It has contributed to the EU 2020 goals on growth and employment by generating an estimated 3,000 jobs in the period 2014-2016, directly through the beneficiaries, that are generally small and medium sized companies, non-profit organisations or public bodies.

During the first 3 years of implementation (2014-2016) Creative Europe supported 2,580 beneficiaries, including 1,280 audiovisual companies and 1,300 cultural organisations.

As its predecessor programmes, Creative Europe has succeeded in achieving and progressing towards its objectives, delivering the intended outputs (i.e. from programmed activities) and results (outcomes of those activities) with the anticipated impact.

The ongoing challenges in the sector such as fragmentation of markets and the digital shift have been systematically addressed, taking into account new audience and consumption patterns and how cultural and creative works are made, produced, accessed and monetised in the digital economy. However, it was noted that the focus could be reinforced on audiences as well as on the opportunities offered by the digital transformation.

The MEDIA Sub-programme has facilitated the cross-border circulation of works,

demonstrating the link to audiovisual policy and the objectives of the Digital Single Market strategy. The Distribution schemes supported over 400 films per year, equivalent to 25% of Europe's annual film production, with a total reach of over 65 million admissions per year.

The cost effectiveness of the programmes was satisfactory and overall improved from one programming period to another. Whilst the Commission and the Agency closely monitored the delivery of outputs, more could be done in monitoring and documenting the progress in reaching planned results. To include supplementary performance indicators, the Commission revised and presented a strengthened monitoring framework system to help assess the efficiency of the programme and will result in the adoption by a "Delegated Act", in line with Article 20 of the Creative Europe Regulation.

Despite the efficiency of the programme the administrative costs of implementation were considered quite high due to the processing of a high number of small contracts with single beneficiaries. The digitalisation of the application procedures and the introduction of lump sum payments have however improved the processes.

The sustainability of Creative Europe support has been ensured in particular through the development of durable partnerships and networks that go beyond the lifecycle of the individual projects. Some of the beneficiaries under Culture have become major players in European cultural landscape. While the MEDIA Sub-programme has enabled the sustained activities of companies competing in tough international markets, many of which reported that they would have invested less in distribution of non-national films without MEDIA support.

Creative Europe's EU added value is in line with the intentions of the programme to support the creation of international networks and cross-border partnerships and increase the capability of CCS operators especially for those working in niche fields and in the Member States where such capabilities are less developed. The reputational effect for the beneficiaries increases the potential interest of partners and financial intermediaries as well as their trust in supported projects, facilitating access to additional funding.

The sub-programmes have grown in scope over the years without an equivalent increase in budget resulting in funding distributed thinly among many beneficiaries. This has created some frustration, as many good projects are rejected every year. At the same time the structuring and leverage effect of the funded (and in some cases also the non-funded) projects is way above their real financial value.

Despite the achievements and efficiency of the programme, and considering the size and range of the audiovisual and cultural sectors at European level and the geographical scope, the size of the budget is not sufficient to create a major impact at European scale and/or at sectoral level. Nevertheless, it has had a structuring effect by creating an ecosystem at European level where companies and organisations from across Europe can come together and collaborate as most of the activities would likely not have taken place without EU funding.

## 1.2.1 CULTURE Sub-programme

### **Contribution to the achievement of Commission's objectives**

The implementation of the Culture sub-programme by the Agency contributes to the achievement of the following specific objectives, set by DG EAC :

- Objective 4.1: supporting the capacity of the European cultural and creative sectors to operate transnationally and internationally (Relevant general objective: To support the capacity of the European cultural and creative sectors to operate transnationally and internationally).
- Objective 4.4: promoting the transnational circulation of cultural and creative works and operators and reach new audiences in Europe and beyond, with a particular focus on children, young people, people with disabilities and under-represented groups.

The Agency has been working closely with DG EAC for the preparation and the implementation of the European Year of Cultural Heritage (EYCH2018) and has been actively involved in discussions on the future programme replacing Creative Europe after 2020, providing evidence of the performance and the impact of the programme.

The organisation by thematic sectors has facilitated the measurement of outcomes and overall impact of the programme across the different schemes.

Despite its limited budget the programme has achieved successful results thanks to the positive combination and complementarity of its 3 main schemes : Cooperation projects, Platforms and Networks. New platforms have emerged from cooperation projects and are often working hand in hand with other networks active in the fields of circus, contemporary dance, classical, rock or pop music.

### **Examples of EU added value of projects managed by EACEA**

Through the different feedback mechanisms put in place by the Agency positive results have emerged. For instance the contemporary dance sector has been going through a qualitative structuring change over the past years around selected beneficiaries such as the European Dancehouse Network and the Aerowaves platform, complemented by cooperation projects active in the field.

Similarly, large scale cooperation projects, platforms and networks run by the programme are having a strong structuring effect on the music scene by offering opportunities and in supporting emerging artists and cross-border cooperation. Projects such as ETEP, Live Europe, Live DMA, SHAPE or Europavox are becoming highly appreciated brands. By following closely the performance of these projects the Agency also supports the Music Moves Europe initiative.



### **EACEA key achievements for 2017**

In 2017, 15 Platforms and 28 Networks have been selected for the last 3 year period of the programme and more small scale projects have been selected in response to the Commission's priorities. Kick-off meetings have been organised and were highly appreciated by participants. These meetings represent a great opportunity to pass key political messages and demonstrate the Agency's support to beneficiaries. Feedback from stakeholders show an increasing evidence of the impact of the consecutive programmes (Culture and Creative Europe), however there is still need to increase the visibility of the combined effects of the Cooperation projects, Platforms and Networks on some sectors. To facilitate a valorisation mechanism the Agency is gathering evidence from these sectors making sure that the results of the structuring effect are disseminated and

communicated. The Agency has contributed actively in the elaboration of indicators to measure the performance and impact of the sub-programme. E-reports have been conceived to collect all data needed for the indicators measuring of the performance of the sub-programme.

## 1.2.2 Cross-sectoral strand

### **Contribution to the achievement of Commission's objectives**

The Cross-sectoral strand aims at supporting transnational policy cooperation and fostering policy development, innovation, creativity, audience building and new business models. The Agency collaborated with DG EAC and DG CNECT for the preparation of the common Desk meetings, exchange of information, preparation of guidelines etc. Regular phone conferences 'jour fixe' have been held to ensure that the Desks are continuously updated on the latest developments and to seek for input for the preparation of the meetings. In 2017 additional support was provided to the Desks of the neighbourhood countries, which recently joined (or area about to join) the programme. The participation of the neighbouring countries in the Creative Europe Programme is fully in line with DG NEAR policy and is enriching and enlarging significantly the possibility of cultural cooperation. However these countries, have less experience and capacities compared to Member States and additional support is justified.

The support to the newcomers aimed to ensure a proper set-up of the Desk so that they can better perform their role to support the stakeholders in their countries. This has been considered as a strong sign of integration and cooperation by the Commission and the partner country.

The Agency has devoted special attention to the integration progress by organising visits with the purpose to support the Desks in their role in ensuring a successful participation of the culture sector of those countries in the programme. As an example, the representatives of the Desks of Tunisia, Armenia and Kosovo have been invited to the Creative Europe Desk meeting held in October 2017 and to the training session specially designed for the newcomers which took place the previous day. The Agency also collaborated with the EU delegation and participated in the launching event of the Creative Europe desk in Tunis, which included meetings and training with representatives of the Desk staff to ensure support in the set-up of the Desk. In addition, the Agency participated in a showcase conference on Creative Europe supported projects in Kiev, combined with a working with the desks, the ministry of Culture and the EU delegation in order to prepare the desk for the upcoming contractual obligations and discuss further cooperation in terms of events.

### **Examples of EU added value of projects managed by EACEA**

The main task of the Creative Europe Desks is to promote the programme at national level, to inform and support the stakeholder preparing an application, stimulate cross-border cooperation and networking. As the programme is now mid-term, the Desks are focusing more on the dissemination of results through the organisation of Showcase events/conferences, ensuring an essential role in the promotion of the results and impact of our programme on national level to stakeholders and the general public.



## **EACEA key achievements for 2017**

The Agency makes sure that the timing of the award decisions for the Creative Europe Desks are taken to allow financial stability and sufficient time to organise events according to the needs of the programme. During the year regular contacts with the representatives of the Desks as well as planned monitoring visits combined with the participation in events took place alongside the usual meeting in Brussels. Several major events were organised by the Desks also as an occasion to showcase successful projects supported by the programme with an exceptionally high success rate. A showcase event of Creative Europe Projects combined with an informal Culture Desk meeting organised in cooperation with the German desk took place in Berlin in February while with the support of the Maltese Desk another meeting was held in La Valletta in June. In 2017 particular attention was addressed to the newcomer Desks, respectively new countries participating in the programme with unstable political situations and consequent effects on the activity when the Desk is located within the Ministry. In this context to provide support to less experienced Desks, monitoring visits were carried out in Tunisia, Ukraine and in the Former Yugoslav Republic of Macedonia.

### **1.2.3 MEDIA sub-programme**

#### **Contribution to the achievement of Commission's objectives**

The objectives of the Creative Europe MEDIA sub-programme are twofold<sup>27</sup>: safeguarding cultural diversity, and strengthening the competitiveness of the European audiovisual industry, including cinema, content for TV, and video games. MEDIA co-finances around 2000 European projects per year, including some of the jewels of European cinema and can encourage citizens to engage with culturally diverse films from across Europe.

The strong trend and development of high quality European TV drama series was analysed and shared in the framework of the information collected within the TV programming call for proposals. The spectacular increase in the number of applications of TV drama series and the constant high number of broadcasters involved in the projects was considered as a major achievement of the European audiovisual industry through the support of Creative Europe.

The changes introduced in Distribution (both the traditional Cinema Automatic and Selective schemes as well as the online scheme now known as Promotion of European Works Online) appeared to be taking hold during the period. While there was a limited take up of the new measures combining digital costs with cinema releases, there has been a much greater enthusiasm for promotion investment in the on line world and it will be interesting to see the results of these efforts in 2018.

The Development sector played a significant role of the review of the Creative Europe MEDIA Lump Sums, by helping DG CNECT to closely monitor the work of consultant PwC, and by providing detailed analysis, statistics and proposals to DG CNECT in addition to the report delivered by consultant PwC in July 2017. On the basis of the consultant's report and the data collected by EACEA since the beginning of the Programme, the Commission Decision C(2017)6118 amending Decision C(2013)9119 was adopted on 14/09/2017, concluding that for the Development Single scheme, minor changes of real costs did not justify changes in the methodology for calculating the lump sums or the amounts of the existing lump sums. The major achievement for Development Slate

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<sup>27</sup> Specific objective 1.5 of DG CNECT Annual Management Plan 2017: A modern, open and pluralistic society building on Europe's cultural diversity, creativity and respect of creators' rights and its values in particular democracy, freedom of expression and tolerance.



Funding is the introduction of the support to short films, in order to provide an entry point for emerging talent supported by experienced production companies. The Development sector also played a significant role in the changes in Level Playing Field measures, by providing DG CNECT with detailed analysis, statistics and simulations of the impact of automatic points allocated to Low and Medium Production Capacity Countries based on all Development Single Projects selections from 2015 and 2016, and by proposing to remove these automatic points and to introduce a separate earmarked budget for LCC (27%) fulfilling a minimum quality threshold (75% of award criteria points). The proposed changes were approved by the CE Committee and implemented in the 2018 Guidelines for Development of Audiovisual Content/Single Projects.

Trends as regards Video Games industry were shared with DG CNECT and could be summarized as follows:

- Games are becoming increasingly friendly. People are becoming more socially aware, but also the theme of the environment is very present.
- The issue of accessibility in console gaming is very much at the forefront.
- Apps are becoming "gameified". Game-design elements and game principles are integrated in non-game contexts in order to increase user participation and engagement.
- The sale of VR units is very low still. There is not enough content available and the cost for the hardware is still a barrier. Augmented reality is more accessible, for example in relation to children's books.
- Children are dictating how games are made.

In Distribution the tendency of Sales Agents to try to gain an advantage in the Cinema Selective by artificially inflating the size of their grouping of distributors was once again to the fore. As the very small territories are mostly used for this purpose proposals were drawn up to give a much higher weighting to the larger (market) territories. The timing proved difficult due to the recent closure of the Level Playing Field review and the action has been held over for a future date.

In order to prepare the stakeholders meeting on VOD organised by DG CNECT in September 2017, the available data on the supported platforms were compiled and analysed for a presentation by DG CNECT introducing the meeting.

### **Examples of EU added value of projects managed by EACEA**

Through the Film Distribution scheme, eleven films co-financed by the European Union were screened during the prestigious 74th Venice International Film Festival. These films have received EU funding through the development and distribution schemes. Five feature films supported by MEDIA were competing for the Golden Lion, the Festival's prestigious Award.

- Custody (Jusqu'à la Garde) by Xavier Legrand (France)
- Hannah by Andrea Pallaoro (Italy, Belgium, France)
- The House by the Sea (La Villa) by Robert Guédiguian (France)
- Lean On Pete by Andrew Haigh (UK)
- The Leisure Seeker (Ella & John: The Leisure Seeker) by Paolo Virzì (Italy)

There are high hopes that these films will go on and make a lively impact at the box office in the future. Meanwhile films such as The Little Prince (FR), Robinson Crusoe (BE) I Daniel Blake (UK) and Julietta (ES) were well received by European audiences.

Among the projects selected in the previous years in TV programming and having reported the final results in 2017, some television productions stand out due to their good audience results, nomination to main awards and very strong worldwide distribution. The documentary "Inside Obama's White House" by leading UK producer Brook Lapping was selected in 2014 and received a grant





of 300.000 €. This UK-French coproduction managed to involve 14 European and non-European broadcasters at financing stage. Using exclusively the testimony of decision-makers and participants, this documentary series tells the story of America in the years of Barack Obama. The first broadcast on BBC 2 in spring 2016 reach more than 2M viewers, which is an unusually high rate for documentaries. The film was sold to 14 additional broadcasters, including US network National Geographic.

Out of the nearly 60.000 titles proposed by the 19 supported VOD services within the Action Promotion of European works online, 68% were European (including 43,5% of European non National titles). Compared to the proportion of the European works on the non-supported services available in Europe (an average of 29% according to the European Audiovisual Observatory), this share demonstrated the high added-value of the European support in regard to the functioning of the market. This European prominence in the catalogue concerns also the structure of the B2C revenues of the supported platforms: 64% (8 M€) of the B2C revenues generated by the supported services come from European titles in 2016. Despite this success the overall share of European films remains disappointingly low in the VOD market with most of the services operating in their local markets with little cross border activity. The detailed reporting on the introduction of targeted promotional support in the future should bring better news.

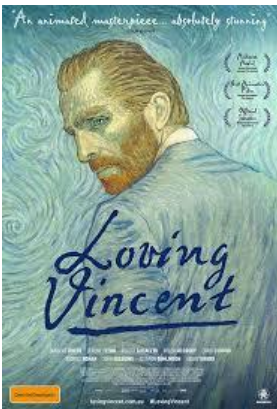


European Cinema  
Education for Youth

The Film Literacy project "CineEd, A Collection of European films accessible online throughout Europe" reported the results of the first year of implementation (2016) while it was selected for the third time (for its implementation in 2018). This European partnership (9 partners from 7 countries in the first year, presently 10 partners

from 8 countries) have developed a platform offering a collection of 12 contemporary and heritage European films from 6 countries available to young viewers for Film Education purposes in 8 languages in up to 45 countries for a 4-year-period. The platform includes pedagogical material and the project foresees teaching of educators/teachers in order to develop the film literacy activities in the involved countries. In the first year of activities, after a long preparation period, the concrete on site activities started and in only 2 and ½ months, the programme led to the training of 737 teachers, 60 screenings in 36 cities and 5.605 young people reached. For 2018, the objective is to train 1000 teachers/mediators and reach 26.000 school children.

Among the biggest animation hits of the year is the UK/Poland co-production "Loving Vincent", selected in 2011 for a Development Single Project support. Theatrically released worldwide, it won the 'Best European Animated Feature Film' award and was nominated for the 2018 'Best Animated Motion Picture' Golden Globe.



The videogame "Little Nightmares", supported by MEDIA in 2014, was released in April 2017 with good reception. The USA wants to adapt it into an animation TV series led by a famous animation director, Henry Selick maker of A Nightmare before Christmas among other films.



## **EACEA key achievements for 2017**

As per the monitoring activities, in 2017 the Agency's focus shifts from understanding and monitoring the correct execution of the projects to a more sophisticated approach covering the bases of correct execution and the effects of scheme changes together with an emphasis on Best Practices and Impact. The detailed monitoring strategy tailored by scheme and based upon the average value and relative risk of the projects was elaborated.

Market Access projects are characterised by long running events and the beneficiaries are recurrent. In 2017 an increase in the variety of content and European mapping was achieved with twelve new supported projects. These projects have allowed the expansion of the focus and of the geographical coverage. Two new events dedicated to TV series from United Kingdom and Sweden have enriched the two French activities supported so far. Two new initiatives on video games and one on virtual reality, the most innovative technology of today, have been selected. The monitoring visits allowed the assessment of the state of organisation and implementation, the fulfilment of objectives according to the proposed action plan and the contractual obligations, to measure the impact on the professional environment and the general outreach in terms of audience and participants. A particular attention was given to the visibility and prominence of the MEDIA support. The focus was on newly selected projects as well as to recurrent beneficiaries and high value events not yet monitored in the framework of Creative Europe. In line with DG CNECT priorities on digital, new business models and innovative practices the following projects can be highlighted. The Access to Markets "VR Days Europe" event, aims to gather innovative content creators and investors from many different industry sectors to boost VR content creation and business opportunities. The format consists of a variety of activities such as conferences, workshops, pitching sessions, live content creation sessions, an exhibition space and several networking opportunities. With over 100 international speakers, high level technology experts in the field, it is an excellent opportunity to hear about all the latest developments in the VR industry. The VR industry is rapidly evolving and influencing many traditional business sectors including the audiovisual one. Many interesting subjects were covered such as VR business models, investors, advancements in technology, potential benefits and uses.

Within the very competitive Festival scheme the highest scoring projects are associated with specific best practices in terms of audience development and innovative film literacy initiatives. They also demonstrate good impact on the distribution of films. Particular examples of such events are Leeds International Film festival, Animateka International Animated Film Festival, Seville European Film Festival and International Film Festival of Aubagne. The Festival "Il Cinema Ritrovato" in Bologna was visited to provide feedback in view of the Year of Cultural Heritage. This is the first film festival in the world to focus exclusively on the work that film archives and restoration laboratories are performing to safeguard and promote the memory of film heritage. The festival collaborates with many festivals and especially with the festival Lumière de Lyon, the Cannes festival and with the Venice festival where a number of restored films are presented in the classic sections each year.

For the Training scheme, in line with the objectives of the programme in terms of inclusion of new technologies, a big majority of beneficiaries have adapted, in the second year of their work programme, their actions' methodology to new digital promotion tools and they have put in place mechanisms for enhancing the digital distribution of works. The response from VR professionals to the first workshop of the first edition of Biennale College CINEMA & Hybrid exceeded expectations. The beneficiary received 79 applications from 31 countries (a selection rate of 12,5%).

The publication and selection process of the new call for proposals for the Promotion of European audiovisual works online has been managed successfully. The new revamped call was promoted toward stakeholders and the high number of applications received confirmed the relevance of the call. A total of 37 projects were selected, representing a substantial increase of 68% compared with the previous calls.

The monitoring visit on the TV series project "18, Clash of Future" from Looks Film

allowed better understanding and reporting on the implementation of this innovative historical drama series based partially on film archive. This project was pointed out as a best practice in relation to the strong European cooperation and the innovative approach with regards to drama series valorising European film archives and European history through television series with strong commercial potential. In line with the monitoring strategy, an important set of data was collected within the projects support in Online Distribution: number of users, of transactions, of subscribers, of gross and net B2B or B2C revenues.

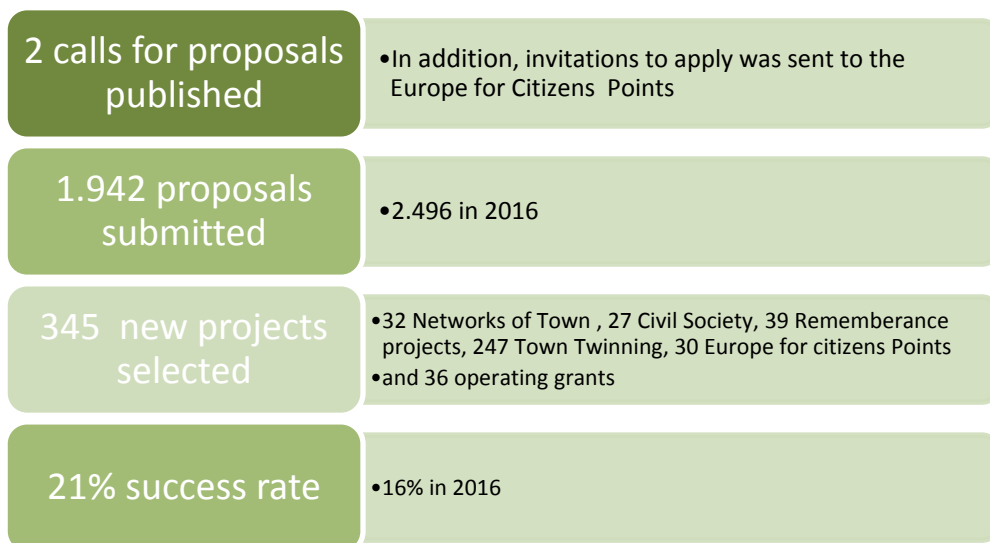
For Development single projects, there is a good range of geographical and linguistic diversity in the selected projects. With first time selections of applications from the Former Yugoslav Republic of Macedonia and from Montenegro, the geographical reach of the scheme has been broadened. The themes dealt with by the selected applications oftentimes are a reflection of current societal themes such as immigration. European cultural heritage and history was also a strong recurrent topic in the selection. The major achievement for Development Slate Funding is the introduction of the support to short films, in order to provide an entry point for emerging talent supported by experienced production companies. To do so, applicants had the possibility to add a short film to their slate. 49 applicants (30%) used this opportunity. Among the selected slates, 33% have included a short film in their slate. We can also underline the first time selection of a slate application from Serbia. For the Development sector, the monitoring visits confirmed the overall successful implementation of projects and sound operational and financial management. The beneficiaries all confirmed that the development funding increased their capacity to develop high quality audiovisual works and video games. Finally, these visits were the opportunity to gain knowledge on the evolving audiovisual sector in each country. British producers, for example, underlined the increasing difficulty to finance feature films for theatrical release. Producing a successful TV series was identified as a good way to bring financial stability to companies. In addition, Brexit was a central preoccupation of the companies visited. German producers underlined that producing documentaries financed by large national broadcasters are the way to bring sufficient cash flow to the company in order to be able to produce in parallel their art-house projects. In addition, they insisted on the need for European financial support for the creation of competitive VOD platforms with European content.

The Agency participated in two major market events in 2017. The European Film Market in Berlin in February and the "Marché du Film" in Cannes in May. These two events gather all of the significant stakeholders from across the audiovisual industry in Europe (and the world). An extensive range of more than 700 meetings enable EACEA to keep in touch with beneficiaries, discuss any problems and keep a finger on the pulse of the market. There were 256 Distribution meetings, 268 Development meetings, 86 Audience meetings and 163 Market & Training meetings. The majority of the meetings concerned the progress of on-going projects and the state of the market but there was also time for would be and rejected applicants, experts and Creative Europe Desks.

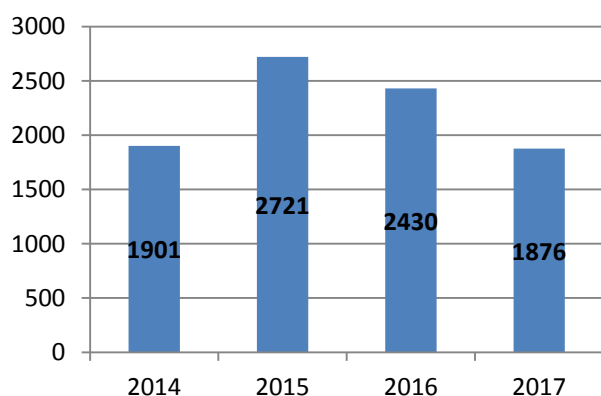
## 1.3 EUROPE FOR CITIZENS

2017 was the fourth year of the implementation of the new programme Europe for Citizens (EfC) 2014-2020, and the programme reached its cruise speed. The selection and contracting processes took place in accordance with the Work Programme and, as a result, nearly 2,000 applications were received, of which around 400 were selected for a total amount of around EUR 23.4 Mio. In total 1,801 partners organisations were directly involved in the EfC programme during the period 2014-2017. In 2017, the placement of 240 members of European Solidarity Corps were approved.

The Mid Term Evaluation Report of the Commission on the results obtained and on the qualitative and quantitative aspects of the implementation of Europe for Citizens will be adopted in the first quarter 2018.



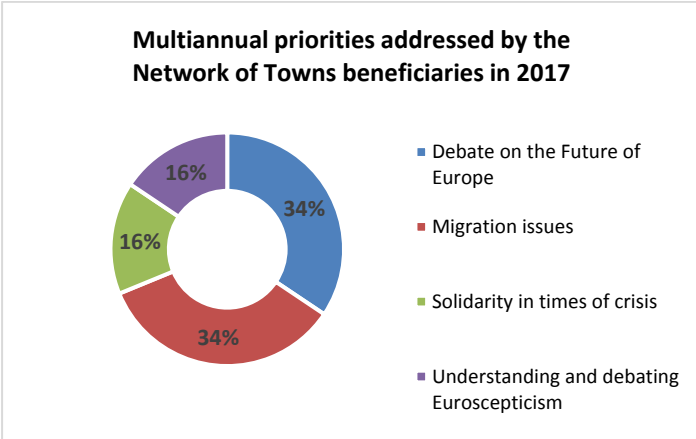
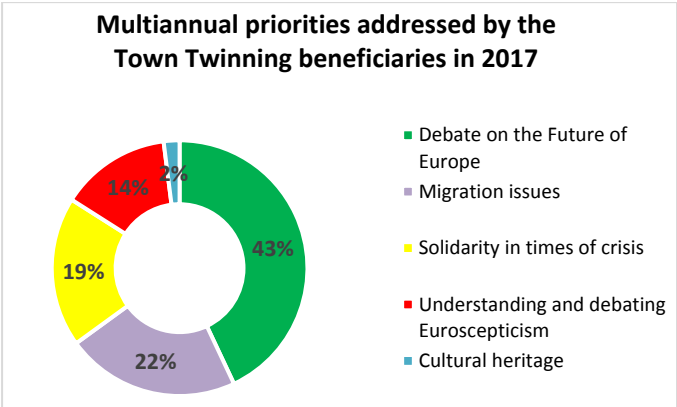
The number of applications for action grants submitted in 2017 represents a decrease of almost 23% compared to 2016, a decrease of 31% in comparison with 2015 and a minimum decrease of around 1% in comparison with 2014. This decrease has improved the success rate of the Programme.



### **Contribution to the achievement of Commission's objectives**

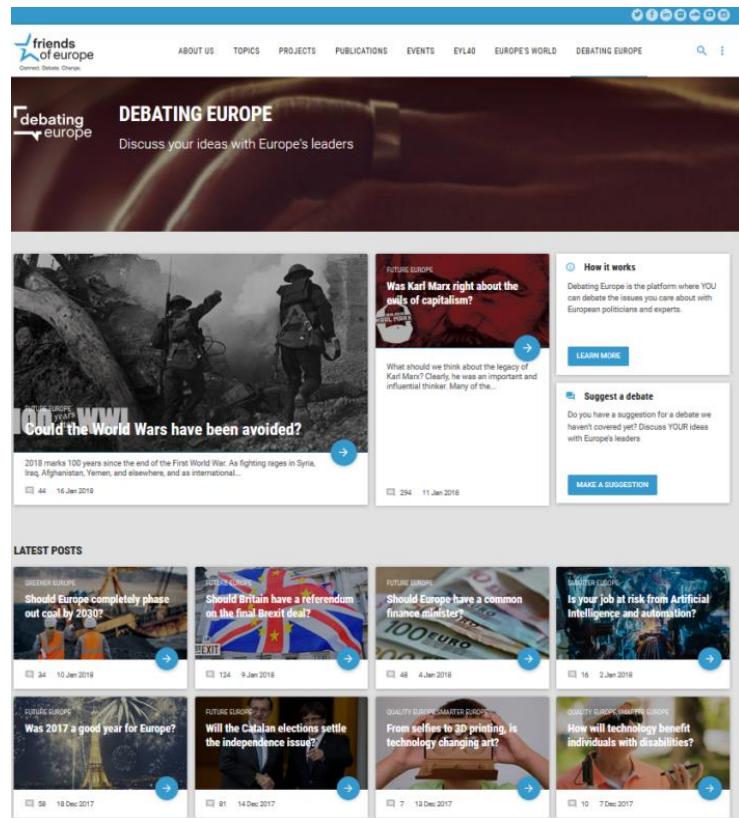
The Europe for citizens programme aims at enhancing citizens' understanding of the Union, its history and diversity, foster European citizenship and improve conditions for civic and democratic participation at Union level. It pursued these objectives by supporting remembrance projects, think-tanks, town twinning citizens' meetings and networks, civil society projects, and information structures in Member States and participating countries.

Further, the programme remains dedicated to providing feedback on the Commission's policy objectives. In 2017, this was facilitated principally through a synthetic report on 2016 results presenting the main outcomes and features of programme implementation in 2016 (including quantitative and qualitative data, statistics and analysis). In addition, two thematic analytical notes on 2016 implementation results were issued and communicated to DG HOME presenting how submitted and selected projects responded to the programme's 2016-20 multiannual policy priorities. The selection notes accompanying the Award decisions 2017 constitute themselves already a significant policy feedback as they go beyond the presentation of the selection results and include the analysis on the selection and its potential policy impact at local and EU levels.



## Examples of EU added value of projects managed by EACEA

Fostering dialogue amongst European citizens in order to facilitate the rise of a more tight-knit European community that overcomes the isolationism of old, the Europe for Citizens programme provides vital support to civic and democratic participation at the local, regional and union level. The think-tank "Friends of Europe" contributes to these objectives, as it 'connects people, stimulates debate and triggers change to create a more inclusive, sustainable and forward-looking Europe.' With its online platform "Debating Europe" that is designed to engage citizens and decision-makers in an ongoing conversation on the critical issues affecting Europe, the organisation currently involves 2.8 million European Citizens incl. more than 240,000 Facebook and Twitter followers across Europe. It is based on a simple model: citizens speak, decision makers respond. From the beginning, it has taken a 'bottom-up' approach with the citizens very much in the driving seat of the debates, asking the questions they want answered and putting forward their opinions for politicians to react.



Friends of Europe takes on the role of main organiser for Debating Europe's activities. Via Debating Europe's team, the organisation coordinates all online debates, video interviews and infographics. Together with its partners for the project, namely Migrant Report in Malta, the Hertie School of Governance and Kiron University in Germany, the Prospect Foundation in Hungary and the Brussels-based pan-European organisation Young European Leadership, this project aims to organise 5 live debates between citizens, policymakers, experts and refugees in the respective country of each partner. To ensure additional impact and reach for each of the partner debates, the debates are filmed and promoted to Debating Europe's community of citizens across Europe. Each partner contributes to the transnational aspect of the project and initiates a multilingual dimension to it by holding each live debate in their respective European language. Hence, the project very much contributes to the 2016-2020 multiannual priorities and is emblematic of Europe for Citizen's strive for strengthening the EU citizenship and fostering the conditions for the flourishing of a democratic and cooperative European Union.

## EACEA key achievements for 2017

2017 marked the first year in which the programme managed an initial call at Commission level for participating in the European Solidarity Corps. The success of the call —a policy priority of President Juncker- not only marks a key achievement for the Agency, but shows its commitment to faithfully implement the Work Programme.

As in previous years, the Agency remained committed to guaranteeing the sound financial management of its programmes. As a testament to this commitment, the Agency was able to spend all commitment and payment appropriations by the end of the budget year. Moreover, additional credits transferred from DG HOME have also been spent (around EUR 100,000 in commitment and EUR 500,000 in payment appropriations).



In an effort to improve cost-effectiveness of programme management, the evaluation of submitted projects has been also performed internally by Agency staff. This poses a particular challenge due to the number of applications received by the programme (just below 2,000) but it also contributes to the greater quality of the selection process (i.e. checking the quality of experts assessments, improving feedback to the applicants, enriching policy feedback) and enhances staff motivation. That being said, the communication of results to more than 1,500 unsuccessful applicants represents a significant workload for the Europe for Citizens programme. However, the clarifications to the feedback process provided, resulted in very few requests for review of decisions for not selecting a grant proposal (7 requests representing around 0.5% of overall non-selected applications).

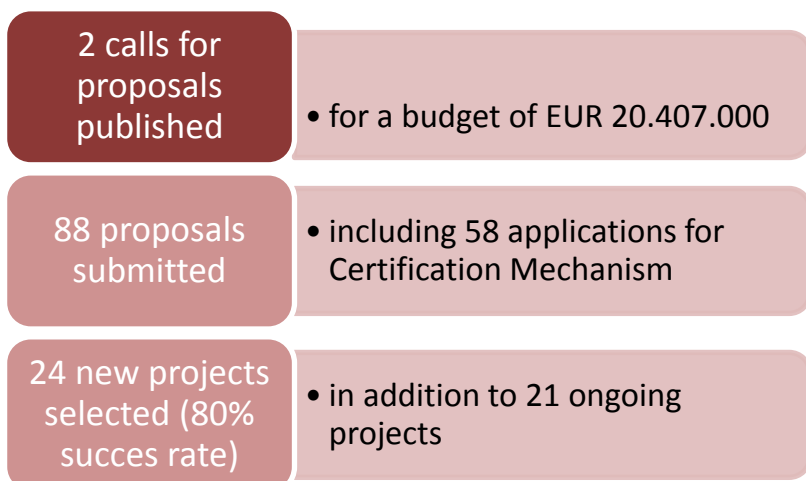
Further, the implementation of the 2017 Monitoring Strategy Plan was satisfactory and, in some aspects, exceeded initial expectations. Facing a unique challenge in 2017, this strategy plan had to account for the integration of the European Solidarity Corps in December 2016, a new feature to the Programme that implied a closer monitoring of the concerned projects. Whilst this possibility was well received and appreciated by the applicants/beneficiaries, as it offered chance to plan even more comprehensive projects, the Unit had to deal with queries and advice on its implementation. Despite these challenges, the Agency was able to execute its Monitoring Strategy Plan with, and in parts ahead of, the given schedule. In absolute terms of number missions performed, the implementation surpassed slightly what was foreseen in the 2017 Monitoring Strategy—some missions were of a short/event-related nature. In addition to reviewing the project's performance and due insurance of sound financial management, the Agency strived to determine the extent to which projects are implementing the programme's policy priorities and focus on results. Amongst these, sustainability and the European added value were priority criteria to observe, particularly in the context of the mid-term evaluation of the EfC Programme. Demonstrating a keen awareness of the broader policy objectives, projects showed a good alignment and due implementation with the Commission programme priorities in their content. In order to maximise the return on investment of each mission, a multi-project and multipurpose approach was followed as much as possible: colleagues sought to participate in beneficiaries' events to witness the key moments in project implementation and to visit ECPs (National Contact Points).

Finally, the Agency organised 3 separate Live! Sessions for the Europe for Citizens programme to give beneficiaries the opportunity to present their projects 'results to the Agency and the Commission. As an example, European Volunteer Centre (CEV), a network based in Brussels with 80-member organisations of volunteering centres across Europe receives an operating grant from the Europe for Citizens Programme since 2014. Its mission is to promote and support volunteering, to connect networks and partnerships and to share information about volunteering policies, programmes and practice in Europe. In 2017, CEV celebrated its 25th anniversary and Mrs Civico highlighted the opportunities arising from the upcoming European Solidarity Corps initiative as an additional possibility for young people to volunteer.



## 1.4 EU AID VOLUNTEERS INITIATIVE

In the third year of implementation all strands of the programme reached the full implementation stage. The Agency has organised several info-events and supported DG ECHO in intensified promotional campaign by providing technical assistance during information events dedicated to the deployment call and the capacity building and technical assistance calls. Under the EU Aid Volunteer Initiative (EUAV), certified organisations reacted to the calls and presented project proposals to deploy EU Aid Volunteers. Application process guidelines and other supporting documents have been published on the Agency website.



### **Contribution to the achievement of Commission's objectives**

The implementation of the above mentioned strands by the Agency contributed to the achievement of the specific objective<sup>28</sup> of 'ensuring that people and communities at risk of disasters are resilient'. While managing the actions, Agency has closely collaborated with DG ECHO ensuring that all implementation issues are adequately addressed. Statistical reports, support to Commission briefings, contribution – formal opinion on DG ECHO's reflection note concerning the slow up-take of the Initiative, as well as participation in the interservice meetings addressing the issues are examples of the support provided to the Commission. Over the course of a number of months, the Agency supported the interim evaluation of the EU Aid Volunteers initiative which is managed by DG ECHO. This included giving feedback to the evaluation consortium on the progress with the initiative. This feedback was ultimately shared with the Commission in the final report.

### **Examples of EU added value of projects managed by EACEA**

The project PHASE (Platform on Humanitarian Aid for a Sustainable Empowerment) led by the French organisation ADICE aims to reinforce third country organizations in humanitarian aid and volunteer management to ensure a sustainable impact of their activities with local beneficiaries. The project also aims to establish a very strong and sustainable partnership for future deployment projects and initiatives. The consortium includes the organisations from 13 countries (France, Italy, Estonia, Peru, India, Uganda, Nepal, Thailand, Kenya, Ghana, Ukraine, Bolivia and Palestine).



<sup>28</sup> Ref. DG ECHO Management Plan 2017

During 2 years, the organisations based in third countries are trained and provided with practical support through a range of seminars and meetings. Key issues such as Security, Needs Assessment, Logistics, Financial and Volunteering Management within the humanitarian aid context are covered during project activities. The content, context, and support tools regarding these different topics are designed to promote the high quality management of future EU Aid Volunteers. With a strong consortium of sending organisations, the future hosting organisations are enabled to integrate the standards and procedures of the EU Aid Volunteers initiative into their organisational policies and practices. The training provided includes not only theoretical content but also practical tools and exercises. Working in and visiting the field, the consortium sending organisations get the opportunity to visit existing humanitarian activities implemented in the hosting countries. This enables them to discover the local communities in which the volunteers will be deployed and open up dialogue about potential needs which could be covered in a future deployment project. As a support tool for humanitarian aid organisations, an online platform is being created by the project for the management of volunteers. Thus the participating organisations will have a tool at their disposal which helps them with different topics during the preparation, selection or management phases of a volunteer deployment cycle.

### **EACEA key achievements for 2017**

By the end of December 2017, 63 organisations out of the overall total of 145 organisations for 2017 were certified. This represents a significant increase in applications compared to previous years. The main focus of the projects under the deployment action must be on activities linked to the deployment of senior and junior EU Aid Volunteers to humanitarian aid projects in the area of disaster risk reduction, preparedness and LRRD<sup>29</sup> in third countries based on identified needs. To support the implementation of the deployment process, the selected projects may include Capacity Building and Technical Assistance activities. The budget repartition of the submitted proposals confirmed that the majority of the funds are directly linked to the deployment of the volunteers (ranging from 42% to 59% depending on the proposal), whereas additional activities linked to Capacity Building and Technical Assistance count from 7% to 21%. Costs linked to Communication, Human resources, other and indirect costs occupy the remaining part (from 29% to 49%).

The budget repartition of the submitted proposals for Technical Assistance and Capacity Building confirms that the majority of the funds are focused on Capacity Building with 75.80% of the requested grant and 24.20% for Technical Assistance. For the EU AV Training programme, in total, 179 candidate EU Aid volunteers participated in the training programme in 2017. This is a mandatory step for volunteers who must complete and pass the training programme prior to deployment. Overall, the majority of candidate volunteers achieved high levels of proficiency. Following a well-defined, moderated, assessment process, 27% of the candidate volunteers achieved level 4 (excellent proficiency) and 72 % achieved level 3 (good proficiency). In addition entry and exit tests are used to assess the knowledge of the candidate volunteers at the beginning and end of the training with the aim of tailoring the training delivery to the needs of individual groups of volunteers. The results also serve as an indicator of the progress volunteers make during the training and can lead to future improvements in training delivery. The data from 2017 shows that on average volunteers answered correctly to 66% of the questions during their entry test and to 80% during the exit test.

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<sup>29</sup> Relief, Rehabilitation and Development

## 1.5 INTRA-AFRICA ACADEMIC MOBILITY SCHEME

The Intra-Africa Academic Scheme aims at increasing the availability of high level professional manpower in Africa through the mobility of students and academic staff; it also encourages and supports initiatives promoting the internationalisation and improvement of the quality of higher education in Africa. 2017 was the second year of the programme implementation and the targeted information campaign proved vital to the selection process.

1 call for proposals published

- for a budget of EUR 10.000.000 (commitment credits)

72 proposals submitted

- 53 in 2016

7 new projects selected

- in addition to the 7 ongoing projects

10% success rate

- 13% in 2016

### **Contribution to the achievement of Commission's objectives**

The specific objective aims at promoting sustainable development and poverty reduction by increasing the availability of trained and qualified high-level professional manpower in Africa. Over the period 2014-2017, 430 HEIs from 34 African countries are involved in Erasmus+ and Intra-Africa projects, which illustrates the strong interest of these institutions for mobility schemes and for projects aimed at modernising their education offer.

The Agency provided support to the Commission and the African Union Commission by contributing to numerous requests for statistics and briefings on the Intra-ACP and Intra-Africa programmes. They concerned the preparation of events (e.g. the EU-Africa summit in November in Abidjan), Commission staff's missions and publications prepared by the Commission services. The Agency also reported the following findings in relation to the programme objectives: the Degree-seeking mobility is more popular than credit mobility in particular due to the challenge of recognition of study periods abroad and lack of practical arrangements (i.e. credit transfer systems) recognising the mobility periods spent at a different HEI. This remains a challenge in Africa and requires close follow-up, in our monitoring activities and at political level by the Commission.

Sustainability after the end of the mobility project remains an issue. However, the Intra-Africa Academic Mobility Scheme and the further opening of Erasmus+ to ACP countries is very much appreciated and offers interesting opportunities, notably for institutional cooperation. The main difficulties in project implementation are experienced in the implementation of the mobility (e.g. delays) and in financial management (e.g. international transfers), sometimes due to national or institutional legislations. The cluster meeting organised by EACEA (February 2018) and gathering both generation of Intra-Africa projects also aims at helping projects improve the implementation and reduce the above-mentioned risks. The Intra-Africa Academic Mobility is based on the experience of the Intra-ACP Academic Mobility Scheme and builds upon the results already attained in African HEIs. Under the previous programme, projects were found to contribute to the specific objectives, e.g. strengthening cooperation between African HEIs by offering capacity building opportunities and providing African students and staff with mobility opportunities that help enhance their international profile as well as their skills and competences

## **Examples of EU added value of projects managed by EACEA**

For the Intra-Africa Calls, the first generation of projects (selected in 2016) only started their activity in fall 2016, with one preparatory year for the organisation of the first mobility flows. It is therefore too early for the identification of good practices or success stories. However, for its predecessor – the Intra-ACP Academic Mobility Scheme - it was confirmed that projects have positive structural effects on the participating universities (e.g. skills upgrade of administrative and academic staff). At institutional level, results such as the establishment of International Relations Offices at partner universities have been pointed out as major outcomes.

## **EACEA key achievements for 2017**

The implementation of the Work programme 2017 was without any deviations. There has been a 52% increase in number of applications compared to last year. The selection this year has been very competitive considering the success rate of 10% (21% in 2016) and led to the selection of very high quality projects. The 7 selected projects covered all regions of Africa. As in 2016, majority of the projects were from Eastern and Western Africa. HEIs from Uganda were the most represented, followed by Ghana, Kenya and South Africa. The 2017 results confirm the opportunities for newcomers and widened the action scope. Out of the 25 Higher Education Institutions (HEIs) involved, 10 participated for the first time in this kind of mobility schemes. In terms of thematic focus of selected projects a range of academic fields were addressed such as agriculture, forestry, fisheries and veterinary; Business, administration and law; Natural sciences; Engineering, manufacturing and construction; and Information and Communication Technologies.

The main challenge encountered was to mobilise new institutions and stakeholders. In this regard, the Agency's information campaign combined information events, information notes and dissemination activities via the EU Delegations in Africa, the African Union Commission and National Erasmus+ Offices (North Africa), extensive mailing to African Universities, etc. This proved to be successful as reflected above.

Based on the lessons learned from the past and on feedback from experts, some adjustments have been included in the guidelines of the second Call (2017) such as clarifications on award criteria, use of unit costs, submission procedure and the introduction of more flexibility for the mobility schedule to help avoid cases of incompliance with the Call during implementation.

The monitoring strategy adopted for the Intra-Africa and the Intra-ACP actions focuses on the assessment of risk. Close monitoring and guidance are required for the successful implementation of these projects, as in most cases African HEIs have limited or no experience with the management of EU funds. Following monitoring activities (field or remote), beneficiaries systematically received feedback letters, which typically include recommendations. Similarly, information on individual monitoring has been systematically shared with the Commission.

11 projects were visited during 5 field missions which were often combined with other on-site events, such as information activities in the region. Remote monitoring was also reinforced. Meetings of projects during events in Brussels and tele/videoconferences were organised for 7 Intra-ACP-Africa projects, for which further discussion on specific issues was deemed necessary. For the total number of 18 monitored projects, 61% were covered by monitoring visits and 39% by remote activities or through meeting and events in Brussels. Considering that the total number of on-going projects in 2017 was 34, the Agency covered 53% of the projects with its missions and remote monitoring. Through desk monitoring (e-mails or phone, assessments of reports) all 34 project beneficiaries are provided with regular feedback on the implementation of their projects. The monitoring was effective and ensured sound implementation of projects.

## 2. ORGANISATIONAL MANAGEMENT AND INTERNAL CONTROL

### 2.1 Financial management and internal control

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

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

- *the reports by AOSDs;*
- *the results of internal control monitoring at the Agency level;*
- *the risk assessment exercise*
- *the reports of the ex-post audits;*
- *the draft report of DG BUDG on the local validation of the systems.*
- *the limited conclusion of the internal auditor on the state of control, and the observations and recommendations reported by the Internal Audit Service (IAS);*
- *the observations and the recommendations reported by the European Court of Auditors (ECA).*

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

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

#### 2.1.1 Control results

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

All the Agency's programmes are implemented under direct management mode. In addition, the Agency manages its own administrative budget.



Payments made in 2017 (in Mio EUR)

<b>Operational and administrative expenditure (in € millions)</b>	
Pre-financing	509,60 <sup>(1)</sup>
Payments against cost statements	103,70
<b>sub-total grant management expenditure</b>	<b>613,30</b>
Procurement	17,90
Experts payments	4,19
Payments linked to re-commitments and interests	0,55
<b>Operational expenditure</b>	<b>635,9</b> <sup>(1)</sup>
<b>Administrative expenditure</b>	<b>47,86</b> <sup>(2)</sup>
<b>Total</b>	<b>683,80</b>
(1) This amount corresponds to total payments made as shown in the Annex 3- Table 2 (operational budget)	
(2) This amount corresponds to total payments made as shown in the Annex 3- Table 2 (administrative	

With regards to the operational budget, the execution of commitment credits was EUR 702.7<sup>30</sup> Mio or 97.6% of the available budget. If compared with EACEA's Work Programme 2017, the commitment budget execution against C1 and C5 appropriations is 100%, which is above the target (99%). The execution of payment credits was EUR 635.94<sup>31</sup> Mio, which represents 95.3% of the available budget. The payments, for which execution against C1 and C5 appropriations reaches 100%, is above the target (98%). Regarding the operating budget, the execution of commitment appropriations was EUR 48.96 Mio (98.48% of the available budget – EUR 49.72 Mio), which exceeds the target fixed at 97%. The execution of payment appropriations was EUR 47.86 Mio (86.6% of the available budget), also exceeding the target fixed at 80%.

For sake of completeness, the Agency also manages funds under the European Development Fund<sup>32</sup> (EDF) corresponding to Intra ACP allocations. The amounts managed are as follows.

- Commitments appropriations: the execution amounts to EUR 9.2 Mio for an available budget of EUR 10.3 Mio (89% of execution rate).
- Payments appropriations: the payments executed amount to EUR 11.2 Mio (operational credits) for an initial budget available of EUR 13.1 Mio (86% of execution rate).
- EUR 51.205<sup>33</sup> are payment credits under the administrative budget.

Without taking into account the credits corresponding to the European Development Fund, the total operational expenditure which amounts to EUR 613,30 Mio for the grant management (thus excluding procurement, expert payments and re-commitments) is disclosed by programme and programming period as follows:

<sup>30</sup> This corresponds to credits C1, C4,C5, P0 and R0

<sup>31</sup> This corresponds to credits C1, C4,C5, P0 and R0

<sup>32</sup> Not included in Annex III of this document because it comprises financial reports concerning Commission's funds that are managed by EACEA, while the EDF is a separate legal entity with its own budget and accounting.

<sup>33</sup> They refer to the 10<sup>th</sup> European Development Fund (EDF), specifically the payments of the 4<sup>th</sup> instalment to the Agency, to finance its functioning .

	Legacy	Internal control indicator available?	Independant info from auditors?	Reservation ?	Current programming period	Internal control indicator available?	Independant info from auditors?	EACEA Reservation ?	Total Legacy + New P.P. in Mio €
Erasmus+ (1)	39,20				38 1,25				420,45
LLP	5,71	Yes the multiannual detected error rate "DER" is 4,42%for LLP 2007-2013	Audited in previous years, notably by IAS (LLP). All recommendations except one implemented. Follow-up finalised by the IAS in 2016. No comments.	Yes since 2011 for the LLP part	38 1,25	0,66%of Detected Error Rate. It should be noted that for the moment only audits concerning projects related to ex-LLP and Youth programmes are completed, therefore normally related to the most risky parts of the Erasmus+ programme.	Audited by the IAS in 2015 (Audit on the effectiveness and efficiency of Erasmus+ control strategy). Also audited (legacy not included) on 2017 (Audit on grant-management phase I-from the call to the signature of contracts). One recommendation critical, 8 very important	Yes on component 3 "Control Activities" and 4 "Information and communication" of the internal control framework	420,45
Erasmus Mundus	20,21	Yes the multiannual detected error rate "DER" is 0,34%for Erasmus Mundus and Intra ACP	Audited in previous years by the former IAC. All recommendations except one implemented. Follow-up finalised by the IAS in 2016. No comments.	No					
Tempus	13,27	Yes the multiannual detected error rate "DER" is 1,52%for Tempus and Bilateral Cooperation	No	No					
Youth	0,00	Yes the multiannual detected error rate "DER" is 3,20%	Audited in previous years, notably by IAC. All recommendations implemented.	Yes since 2015					
Sport	0,00	N/A	N/A	N/A					
Creative Europe	3,24				151,54				154,78
Culture and desks	3,03	Yes the multiannual detected error rate "DER" is 9,18%	Audited in previous years, notably by the former IAC. All recommendations implemented.	Yes since 2015	151,54	0,44%of Detected Error Rate.	Audited (legacy not included) by the IAS 2017 (Audit on grant-management phase I-from the call to the signature of contracts). One recommendation critical, 8 very important	Yes on component 3 "Control Activities" and 4 "Information and communication" of the internal control framework	154,78
MEDIA	0,21	Yes the multiannual detected error rate "DER" is 0,53%	Audited in previous years, notably by the former IAC. All recommendations implemented.	No					
Europe for Citizens	0,21	Yes the multiannual detected error rate "DER" is 0,81%		No	22,74	0,00%of Detected Error rate based on 9 audits completed. For the calculation of the amount at risk, in a prudent approach, the Agency has used the DER of the Europe for Citizens 2007-2013 Programme	No	Yes. On component 3 "Control Activities" and 4 "Information and communication" of the Internal Control Framework	22,95
EU Aid Volunteers	0,00	N/A		N/A	15,12	Not yet available. For the overall calculation of the amount at risk, the Agency has used the 2017 overall multiannual detected error rate.	No	Yes. On component 3 "Control Activities" and 4 "Information and communication" of the Internal Control Framework	15,12
<b>TOTAL</b>	<b>42,65</b>				<b>570,64</b>				<b>613,30</b>

(1) Includes Title 19 (FPI), Title 21 (DEVCO) and Title 22 (ELARG). See Annex for further details.

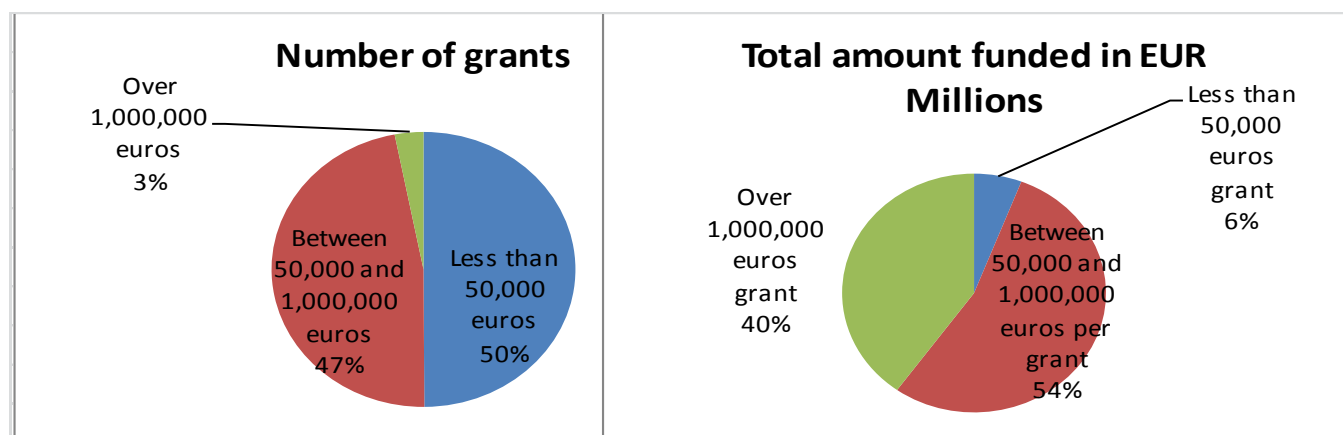
Based on the figures above, it is worth mentioning that the legacy now only represents around 7% of the total operational expenditure of 2017 (25% in 2016, therefore clearly showing the phasing-out stage of these programmes). Erasmus+ (legacy and current programming period all together) accounts for 68.6% of the total grants.

As explained above, the total operational payments expenditure also include procurement payments for a total amount of EUR 17.90 Mio and expert payments for a total amount of EUR 4.19 Mio. For the Creative Europe programme, procurement payments mainly correspond to the MEDIA Stands (in the film festivals of Cannes and Berlin for example). For the Erasmus+ programme, procurement mainly refers to the OnLine Linguistic Support (OLS), E-Twinning and EPAL which formally represent procurement management. Further, these cover some studies to support the project implementation and the insurance covering the volunteers (for European Voluntary Service and EU Aid Volunteers), both are included in the procurement figure.

Finally, before starting analysing the controls and their costs and benefits, it is essential to bear in mind that the Agency has a wide range of funding schemes and/or beneficiaries under its different programmes. Their complexity and/or variety, on the one hand, and the large number of rather small grants given to a vast population of grant beneficiaries on the other hand, make the set-up of controls quite challenging under the given regulatory framework.

Regarding the specific figures for funding, it should be kept in mind that 50% of the grants of the Agency represent 6% of the amount funded in 2017 while 3% of the grants, meaning 103 grants in 2017 represent 40% of the amount funded<sup>34</sup>.

In 2017	Number of grants		Total amount funded in EUR Millions	
		%		%
Less than 50,000 euros	1687	50%	35,9	6%
Between 50,000 and 1,000,000 euros	1590	47%	332,6	54%
Over 1,000,000 euros	103	3%	246,6	40%
<b>Total</b>	<b>3380</b>	<b>100%</b>	<b>615,2</b>	<b>100%</b>



<sup>34</sup> This figure correspond to the number of grants "finalised" in the year 2017, meaning for which a final payment or recovery order has been made in 2017.

This clearly requires the Agency to have a **risk-differentiated** approach in terms of control strategy in order to guarantee efficiency and cost-effectiveness while maintaining the Agency's positioning and core business to fund projects where the ultimate beneficiaries are the citizens themselves (refugees, teachers, cultural centres, NGOs, universities).

### ***Coverage of the Internal Control Objectives and their related main indicators***

- ***Control effectiveness as regards to legality and regularity***

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

Controls are carried out during the entire process of the implementation of the programmes delegated to the Agency in order to provide reasonable assurance that the selected projects comply with the call conditions, that EU funding goes to the very best proposals and that the costs claimed by the beneficiaries and the subsequent payments are in line with the legal framework.

Existing control processes provide reasonable assurance to the EACEA management on the achievement of the Agency's objectives, with the exception of a number of issues identified by IAS in its audit EACEA's management of grants under Erasmus+ and Creative Europe – Phase1: from the call to the signature of the contract. The Agency has decided however to enlarge the scope of its measures to all its delegated programmes<sup>35</sup>

### **A - Grant management**

The main control objective regarding the legality and regularity of the underlying transactions is to ensure that the best estimate by the management of the materiality ("MAT") of the amount at risk, resulting from the multiannual residual error rate for each programme, does not exceed 2% by the end of the programme implementation. The Agency relies on the best estimate of the error rate because the high volume of transactions by programme managed by EACEA each year would render it cost ineffective to establish a representative error rate from a fully statistically representative sample (cf. 95% confidence level/2% target error rate). The residual risk of error is estimated by the residual error rate obtained from an examination of a sample of randomly selected transactions, less any corrections made resulting from the control systems in place. More information can be found in annex 4.

#### **(1) Ex-ante controls**

The controls built into the ex-ante phase (up to the grant signature) are to ensure that the best proposals are selected, that they match the conditions set out in the call for proposals and that the beneficiaries are capable of completing the projects successfully and on time. To this end, the following controls have been integrated into the process:

- Eligibility checks are performed to make sure that the proposals are submitted according to the rules and that they are in compliance with the eligibility criteria defined in the work programmes.
- The evaluation of proposals is carried out by Evaluation Committees and supported, in the majority of cases, by experts. Controls ensure the quality of the experts selected to evaluate the proposals. The Agency checks that the experts do not have any

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<sup>35</sup> Despite the fact that the IAS audit report on EACEA's management of grants under Erasmus+ and Creative Europe – Phase1: from the call to the signature of the contract only relates to the programmes just mentioned, the actions included in the action plan will be applicable to all programmes managed by the Agency.

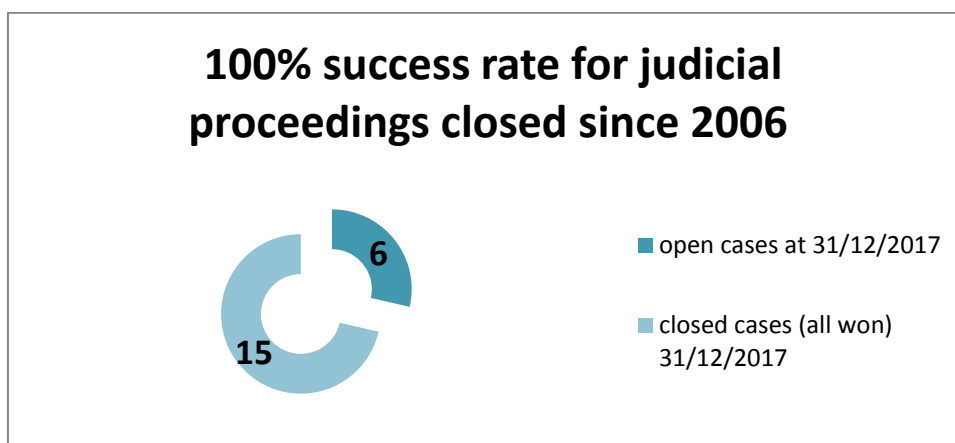
conflict of interest in evaluating proposals by requiring that declarations of absence of conflict of interests are signed and foresees the renewal of experts by respecting rules of rotation (at least 25% of experts included in the pool should not have participated in the evaluation of the call in the previous 3 years).

The IAS audit on EACEA's management of grants under Erasmus+ and Creative Europe – Phase1: from the call to the signature of the contract identified serious shortcomings in the design and implementation of EACEA's controls that require urgent and determined action to ensure that the highest quality projects are selected for EU funding in compliance with the applicable rules<sup>36</sup>;

Measures have been already taken to implement the recommendations as part of the agreed action plan. The action plan is listed in greater detail in section (2) of chapter 2.1.2.

Following the necessary consultations with the competent Commission Services, the EACEA concludes that the identified weaknesses should not have an impact in terms of legality and regularity of the transactions and the validity of the grant agreement/decisions currently ongoing.

Based on its review of appeals and judicial proceedings, the financial risk as a result of these findings is estimated to be low. The EACEA is addressing the internal control weakness<sup>37</sup>, through its comprehensive audit action plan and specific internal control improvement actions.



## (2) Ex-post audit strategy

Adhering to a strict methodology, the annual audit plan (AAP) of the EACEA is built upon both a random and a risk-based selection. Each year, the Agency usually performs approximately 120 audits of which normally 2/3 are randomly selected and are 1/3 risk-based. The audit coverage is around 10% of all closed projects in one year. Almost all audits are subcontracted to an external audit firm. Only the audit results of the 'randomly' selected of projects are taken into account to calculate error rates.

A multi-annual error rate is calculated by programme (Lifelong Learning Programme, Erasmus Mundus, Culture, Youth, Europe for Citizens, MEDIA and Tempus for the legacy programmes and for Europe for Citizens, Creative Europe and Erasmus+ for the programming period 2014-2020<sup>38</sup>). In line with guidance developed by DG BUDG on

<sup>36</sup> See section 2.1.2. "Audit observations and recommendations" for further details

<sup>37</sup> See section 2.1.3 "Assessment of the effectiveness of the internal control systems" for further details.

<sup>38</sup> The new programme EU Aid Volunteers is not yet concerned by the audit process because it did not produced final reports to be selected in the sample in 2017.

error rates, value at risk and materiality, the Agency decides whether or not to report reservations in the AAR both per programme and per programming period.

From the 2012 Annual Activity Report onwards, the Agency calculated multi-annual error rates in order to increase the representativeness of the figures. For the AAR 2017, the Agency reports multi-annual error rates over 7 cumulative years for the legacy programmes and in theory<sup>39</sup> over 3 years for the 2014-2020 programming period. As in previous years, the Agency managed to subcontract the 2017 annual audit plan before summer (instead of at the end of the calendar year) in order to reduce to 1 year the gap between projects' closing and audit results becoming available.

The AAR 2017 error rate is calculated on the basis of 414 random audit projects.

<b>Number of audit projects</b>	<b>2007-2013 Programming period</b>	<b>2014-2020 Programming period</b>
AAR 2016 (cumulative)	323	24
Random Audits closed in 2017	14	53
AAR 2017 (cumulative)	337	77

The Agency has closed 77 random audit projects relating to the programming period 2014-2020, thus relying on an information base equivalent to 1/4 of the total audit results of the previous programming period, with a coverage of 6% of the total funding audited. There are 80 on-going random audit projects, the vast majority of them corresponding to the Annual Audit Plan 2017.

Concerning the risk based audits included in the AAP 2017, the annual detected error rate is 4.67%<sup>40</sup> (5.02% on a multiannual basis), which confirms the effectiveness and efficiency of the Agency's risk analysis. (compared to the annual detected error rate for random audits, which is 1.29% (1.84% on a multiannual basis)).

### **(3) Past reservations**

In the context of the AAR 2011, a reservation was made for LLP 2007-2013. For AAR 2012 to 2016, the reservation for LLP 2007-2013 has been maintained. The analysis of the errors for the LLP programme shows that the type of findings mostly concern the breach of some of the eligibility rules and the difficulties that emerge for (co-)beneficiaries or project partners in their efforts to produce adequate justifying documents.

Back in early 2011, the Agency drafted an action plan around several pillars covering all programmes & grant schemes. This plan included resolutions to:

- improve the desk control strategies in particular by introducing two new types of audit certificates, according to the risks associated with beneficiaries or projects;
- improve the information provided to beneficiaries on financial obligations, audits and ex-post controls (e.g. annual kick-off meetings by programme/strand, Financial Information Kits);
- continue to reinforce/improve monitoring visits where appropriate, a session on financial reporting and eligible costs is included;
- consolidate the audit strategy (move from annual to multi-annual).

<sup>39</sup> It is indicated in theory because in practise, in AAP 2014 the Agency only managed to audit very few projects under the Europe for Citizens and the Creative Europe programmes. No final payments were available for the Erasmus+ and for the EU Aid Volunteers programmes. Therefore, for Erasmus+ it is the first year that audit results are available.

<sup>40</sup> Figures in this paragraph correspond to both programming periods 2007-2013 and 2014-2020.



The action plan was implemented in conformity with the timetable from 2011 to the beginning of 2012. The Agency has underlined that many of the actions will only produce results some years following their implementation.

Therefore, the results in terms of (lower) error rates were not expected before this AAR. The reasons are twofold: a) the project duration is typically about 18 months to 2 years (and for some actions even longer) and b) there will be a minimum 1-year gap between closing projects and audit results becoming available. The Agency has analysed the results of this year's LLP audits to see if the results of the action plan in terms of lower error rates were visible and this is not the case<sup>41</sup>. The reason is that the LLP projects that were selected for audit last year were contracted before 2013. Therefore, some of the measures taken, and in particular the use of an audit certificate, were not applicable to the audited projects.

Notwithstanding these actions, the biggest improvement are now becoming visible following further financial simplification (use of lump sums, flat rates and/or unit costs) in the programme "Erasmus+" for the current programming period 2014-2020 as simplified rules are less prone to errors (see section (5) "*What are the indications for the future?*").

Concerning the 2007-2013 Culture programme, the multi-annual detected error rate of 9.18% results in a materiality (MAT) above the 2% threshold (11.50%). Therefore the reservation put in place in the AAR 2015 is maintained.

For the Youth in Action 2007-2013 programme, the multi-annual detected error rate of 3.20% results in a materiality (MAT) above the 2% threshold (3.62%). Therefore the reservation put in place in the AAR 2015 is maintained.

#### **(4) Results for the AAR 2017<sup>42</sup>**

As mentioned, the Agency monitors the multiannual detected and residual error rate on a monthly basis for each programme and for each programming period. At the end of the year, the Agency calculates the multiannual materiality for each programme, and, if the multiannual materiality is higher than 2%, the Agency issues a reservation (see Annex 4 for more details).

The multiannual detected error rate by programme and programming period is disclosed in the table below:

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<sup>41</sup> There is 1 random audits corresponding to LLP finalised this year with an error rate of 13.13%.

<sup>42</sup> The Agency manages a high volume of transactions of a low value. As a result, the ex-post audit strategy is built upon a random sampling (for assurance purposes) and risk based audits (for detection purposes), considering that a representative sampling would not be cost-effective. The cumulative random audit coverage (cumulative funding audited/cumulative total auditable funding) is between 4% and 9% (2007-2013 programming period) and 3% and 9% (2014-2020 programming period). Historically, the random audit coverage is lower for Europe for Citizens (1.7% for 2007-2013 and 3.1% for 2014-2020). It has been considered not cost-effective to audit one of the actions (namely town-twinning) which consist in many small value grants (and therefore the audit would almost cost the total amount of the grant given to the beneficiary). Audit coverage of Youth in Action 2007-2013 is modest (2.2%), also due to the high number of low value grants.

## Results of the multi-annual error rate calculation AAR 2017

<b>Programming period 2007-2013</b>	<b>DER</b>	<b>RER</b>	<b>MAT</b>	<b>Reservation?</b>
LLP	4.42%	4.22%	6.17%	<b>Yes</b>
Erasmus Mundus and Intra ACP	0.34%	0.32%	0.31%	No
Tempus and Bilateral Cooperation	1.52%	1.37%	1.61%	No
Youth	3.20%	3.13%	3.62%	<b>Yes but not significant</b>
Culture	9.18%	8.83%	11.50%	<b>Yes</b>
MEDIA and MEDIA Mundus	0.53%	0.50%	0.65%	No
Europe for Citizens	0.81%	0.79%	0.93%	No
<b>Programming period 2014-2020</b>	<b>DER<sup>43</sup></b>	<b>RER</b>	<b>MAT</b>	<b>Reservation?</b>
Erasmus+	0.66%	0.059%	0.15%	No
Creative Europe	0.44%	0.43%	0.26%	No
Europe for Citizens	0.00% <sup>44</sup>	0.00%	0.00%	No

(DER= multi-annual detected error rate; RER= multi-annual residual error rate; MAT= multi-annual materiality)

As illustrated in the table above, the results for AAR 2017 show that the multi-annual error rate is still above 2% for the Lifelong Learning Programme (LLP) 2007-2013. This is in line with the figure reported in the AAR 2016 (4.52%).

Therefore, for the AAR 2017, a reservation is maintained for the LLP 2007-2013 as the multi-annual materiality ("MAT") is still higher than 2%. The Agency will, as in previous years, analyse the (most recurrent) errors found through the latest batches of audit reports. Thereupon if necessary, it will implement additional actions over the course of 2018 taking into account the cost-benefits of any possible corrective measures.

Concerning the 2007-2013 Culture programme, like in the AAR 2016, the multi-annual detected error rate of 9.18% results in a materiality (MAT) above the 2% threshold (11.50%) and therefore the reservation is maintained. The Agency indicated in the AAR 2015 that this result mainly comes from one random audit, where the Agency has found an error of EUR 1,408,894, which brings the detected error rate for this programme up to 9.18%. The Agency has already issued the recovery order amounting to EUR 697,020.

However, concerning this recovery order, the Agency underlines the following:

- It is exceptional in terms of amount. It represents approximately 50% of the accumulated errors detected via the audits in the last 5 years.
- It concerns a relatively modest programme in financial terms at Agency level. However, given the amount involved, the impact at programme level is amplified. On an aggregated level, the impact is also significant.

<sup>43</sup> Even if the detected error rate for the new Europe for Citizens 2014-2020 is 0%, this figure should be taken with caution for the moment as it is based on a limited number of audits (9 audits closed with an audit coverage of 3%), and there are still a lot of audit results to come. Therefore, for the calculation of the amount at risk, the Agency did not use these figures, in order to present a conservative amount as explained in the section E – Calculation of the amount at risk. The Agency prefers considering that no major/important audit findings have been found up to now.

<sup>44</sup> An audit report for which a pre-info letter has been sent in 20 December 2017 would raise the DER up to 1.81%. The recovery order will be issued in 2018.

- It concerns a mono-beneficiary contract of 2007, for which the final payment was made in 2012. Since 2007, the Agency has considerably evolved in terms of types of contracts (multi-beneficiary vs. mono-beneficiary), procedures to explain their obligations to our beneficiaries (i.e. kick-off meetings), and monitoring strategy. Therefore, the Agency believes that a similar case is very unlikely to happen again.
- Finally, it is worth mentioning that the beneficiary in question has put itself in voluntary liquidation and the Agency, wondering whether it was facing a fraudulent liquidation, has sent the case to OLAF. OLAF has agreed to open an investigation.

It is also worth noting that even without taking into account this particular Culture audit, the multiannual detected error rate and the materiality for this programme is still slightly above the 2%, therefore supporting the Agency's decision to issue a reservation.

For the Youth in Action 2007-2013 programme, the multi-annual detected error rate of 3.20% results in a materiality (MAT) above the 2% threshold (3.62%). The figures for this year are as follows: funding of the year is equal to EUR 0.445 Mio (meaning the value of the closed grants), while the payments of the reporting year are close to zero (precisely EUR 0.004 Mio representing 0.0007% of 2017 total payments). However, given that there is no "de minimis" rule, the Agency issues a reservation for EUR 4,000 but considers that this programme is finalised.

For the Europe for Citizens 2007-2013 programme, the multiannual detected error rate of 0.81% results in a materiality (MAT) below the 2% threshold (0.93%). Therefore, there is no need of reservation. This good result is confirmed by current results concerning the new programming period, whose detected error rate according the first nine audit projects is 0.0<sup>45</sup>%.

Erasmus Mundus, Tempus and MEDIA programmes have historically very low error rates and the Agency expects no changes in this respect.

#### **(5) What are the indications for the future?**

Back in early 2011, the Agency has drafted an action plan in response to the LLP 2007-2013 reservation. This action plan covered all programmes and grant schemes and has been fully implemented since 2013.

This action plan applied to all programmes managed by the Agency during the programming period 2007-2013. It was assumed that the action should produce its full effect for projects committed in the last year of the previous programming period (2013) and for those whose final payments will be made from 2014 onwards, which will be selected for audit from 2015 onwards. The Agency believes that the mandatory use of audit certificates by beneficiaries, in addition to the improved communication on financial obligations, should allow the 2% materiality threshold to be reached for these projects. However, the impact on the multi-annual error rates could be smaller, as this improvement could be more than offset by the higher error rates from previous years, given that for cost-effectiveness and representativeness reasons, the conclusion on the need for a reservation is based on **cumulative** results.

Despite this action plan, the Agency already anticipated that the reservation for the LLP programme 2007-2013 and the Culture 2007-2013 programme will recur at least until

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<sup>45</sup> A draft audit report of February 2018, raises the DER up to 2.19%. According to the procedures, the contradictory phase is on-going with the beneficiary. Therefore results are not yet final.

the total phase-out of the programme<sup>46</sup>. However, given that this programme is progressively phasing out, the amount at risk will also reduce progressively.

In addition, despite the relevant multi-annual error rates leading to recurring reservations, the Agency believes that no additional actions or mitigating measures are needed for 2017 apart from a daily drive to improve the grant management process.

The biggest improvement are coming from further financial simplification in the Erasmus+ programme, during the new programming period 2014 – 2020. Today, most of the grants under the LLP and Culture programme are still budget-based funding schemes which are much more prone to difficulties in terms of eligibility of costs. Hence, an increased use of lump sums, flat rates and/or unit costs should reduce the error rates.

In conclusion, the Agency is truly confident that the actions put in place are bringing positive improvements in the projects related to the new programming period.

In fact, at this stage, it is worth mentioning that the available results in terms of error rates by programme for the current programming period are very positive, even if calculated for a limited number of audit projects (around 70 audit projects) which is now already representing 25% of the random audit projects results, available at the end of the whole previous programming period. According to the results, the MAT is below the materiality threshold (MAT<2%).

## **B - Procurement management**

The total operational expenditure also includes the main EACEA procurement procedures for a total amount of EUR 17.90 Mio regarding procurement payments.

The Agency carries out both call for tenders for its administrative purposes (for example for the audit service framework contract) and for operational purposes. The latter are aimed at supporting the programmes managed by the Agency. During the year 2017, the Agency concluded three open procurement procedures for operational purposes:

- A tender for the preparation of statistical input to the 2018 Bologna Implementation Report including data collection in countries beyond the EU;
- A tender to set up and implement the "Erasmus+ Virtual Exchanges" initiative, linking countries' young people (aged 18 to 30 years), youth workers, youth organisations, students and academics from European and Southern Mediterranean using online learning activities and technology-enabled solutions in order to strengthen people to people contacts and intercultural dialogue;
- An interinstitutional procurement procedure (EACEA as lead contracting authority, with DG CNECT as the other contracting authority) for the organisation of events and promotional actions, mainly in the context of the audiovisual industry.

In order to create synergies and rationalise costs, it was decided to launch this interinstitutional procurement procedure for the award of a multiple framework service contract "in cascade", to be implemented for at least 48 months.

Moreover, a negotiated procedure without prior publication was launched and concluded in 2017 in the framework of the operational procurement procedure for Online Linguistic Support (OLS). This tender aims at providing online language courses in different EU languages to higher education students, vocational education and training learners and

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<sup>46</sup> It is difficult to anticipate with certainty when the total phasing out of these programmes will. However, it should be kept in mind that the figures for this year, compared to last year have been as follows:

In EUR Mio	Payments 2016	Payments 2017	Funding 2016	Funding 2017
LLP	18.7	5.7	92.0	38.2
Culture	11.8	3.0	30.7	11.4

young volunteers taking part in the Erasmus+ programme and extended to the benefit of 100.000 refugees over 3 years. The main objective of the negotiated procedure was to capture all the needs for possible adaptations of the OLS until the end of the contractual period in 2020, thus reducing the likelihood of additional contractual changes.

Following the receipt and analysis of the offer submitted by the service provider, the Agency opened a formal negotiation phase to discuss several technicalities of the services proposed. This negotiation led to a substantial budget reduction of the contractor's offer, from of EUR 2.2 Mio down to EUR 1.01 Mio – a reduction of budget costs of around 50%.

The main control objectives in the context of the procurement (both administrative and operational) are aimed at ensuring that:

- The Agency purchases the most high-quality services at the best price. The best quality/price ratio is mainly applied in EACEA calls to ensure economy, efficiency and effectiveness, with an eye always on quality (usually 60% is weighted for quality and 40% for price);
- The legal principles of equality, transparency, competition and proportionality are strictly applied (i.e. drafting carefully the tender documentation, avoiding any possible acquaintance between key actors and potential tenderers and/or contractors, implementing strictly the rules on conflict of interest, etc.);
- Effectiveness and efficiency of operations, compliance with laws and regulations are achieved: to do so, the legal sector supports the operational units during the entire length of the procedure and ensures a high level of validation of key documents (tender specifications, call for tender and evaluation report etc.);
- The required services are made available within agreed timeframes: the Agency establishes procurement roadmaps, in agreement with parents DGs, in order to deliver in due time (for instance, the launch and award in 2017 of the tender Erasmus+ Virtual Exchanges upon DG EAC request was particularly relevant in this respect).

To achieve these general objectives, specific objectives are set in the different stages of the procurement procedures and mitigating controls are put in place to address the related risks (see Annex V for a detailed description).

In 2017, for the first time since the Agency's creation, after the award of approximately 50 tenders (operational budget) without any appeal, an award decision within a procurement procedure was challenged by a tenderer. Indeed, in the framework of the interinstitutional procurement procedure mentioned above, the tenderer ranked in second position in the cascade requested the Commission to examine the legality of the Agency's award decision, on the basis of Article 22 of the Regulation (EC) 58/2003. On 13 November 2017, the Commission published its Decision which followed the arguments of the Agency and confirmed its award decision of July 2017, as well as the compliance of the evaluation committee's work with the financial regulation. The tenderer lodged a Court case in January 25, 2018. Based on its analysis, the Agency considers that there is no need to suspend the execution of the contract nor to register a risk litigation provision in its accounts.

Based on all the elements above, the Agency has opted for a conservative error rate estimated to 1%.

### **C - Expert contracting and payments**

The management of expert represents an important activity for the Agency. On the 31 December 2017, the payments of experts represent EUR 4.2 Mio.

In terms of efficiency, 98% of payments related to experts and procurement (all together) are processed on time, which is a significant improvement compared to 2016 (90%). These payments do not bear a significant financial risk but there are some reputational risks, for instance poorly organised evaluation sessions or bad performance in terms of Time-To-Pay to experts, which would discourage them from working the Agency.

EACEA is following up specific risks related to conflict of interest as part of its action plan following the IAS audit. The risks linked to the experts' conflict of interest are managed as follows:

- The Agency asks repeatedly each expert to confirm that he/she is not in a conflict of interest situation.
- As explained in the above paragraph "Control Results", around 100 grants represent 40% of the 2017 Agency's funding. Among these 100 grants, some are designated bodies, for which by definition there is no competition and therefore no issue of conflict of interest.

The Agency has opted for a conservative error rate estimated at 1%.

#### **D - Administrative budget**

On the 31st of December 2017, the total execution of the administrative budget 2017 amounted to **EUR 48.96 Mio in commitments** (98.48% of the budget) and to **EUR 47.86 Mio in payments**.

About 90% of the Agency's 2017 administrative budget covers costs related to salaries, building charges, the evaluation platform and various service level agreements for administrative support provided by the Commission's horizontal services (e.g. DG DIGIT for the IT network and related services, DG HR/PMO for salaries and security services, DG BUDG for the use of the Commission's accounting system). The costs of staff going on missions are processed with the help of PMO and are reimbursed in line with the Commission's rules for reimbursement of mission costs.

The remaining 10% was devoted in 2017 to expenditure for ex-post audits, the development of IT tools, the organisation of training, etc. Most of this expenditure is incurred by using framework contracts/SLA made available by the Commission and by the use of external prestataires.

Regarding the issue of legality and regularity, the Agency considers that risks for the implementation of its administrative budget are low. Besides, the European Court of Auditors (ECA) has, for several years now, given a positive opinion on the execution of the EACEA's administrative budget.

For these reasons, the Director of EACEA, in his capacity of authorising officer, did not make reservation on the matter.

The Agency has opted for a conservative error rate estimated to 1%.

#### **E- Calculation of the amount at risk**

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

For EACEA, the estimated overall amount at risk at payments for the payments made in 2017 is EUR 10.8 Mio. In order to calculate the overall amount at risk:

- for the 2007-2013 programming period, the Agency has used the multiannual detected error rates by programme;
- for the programming period 2014-2020, having only few results available for some programmes, the Agency has decided to use a global multiannual detected error rate, cumulating both programming periods (2007-2013 and 2014-2020). This calculation leads to an error rate of 1.84%. Taking into account also the risk based audits detected error rate on a multiannual basis (5.02%), the Agency uses as AOD's best estimate 1.89% for all programmes on the new programming period.



The Agency already considers this approach to be conservative enough, given that it strongly believes that the action plan related to reservations on LLP, Youth in Action and Culture 2007-2013 programmes, detailed in this Annual Activity Report, will bring positive improvements in the new programming period.

For the procurement management, the expert payments and the administrative expenditure, the Agency has used a conservative rate of 1% of potential error.

This figure of EUR 10.8 Mio is the AOD's best, conservative estimation of the amount of relevant expenditure<sup>47</sup> during the year (EUR 683.8 Mio) not in conformity with the applicable contractual and regulatory provisions at the time the payment is made.

This expenditure will be subsequently subject to ex-post controls and a sizeable proportion of the underlying error will be detected and corrected in subsequent years. The conservatively estimated future corrections<sup>48</sup> for those payments made in 2017 amount to EUR 2.2<sup>49</sup> Mio. This is the amount of errors that the Agency conservatively estimates to identify and correct from ex-post controls that it will implement in successive years.

More details of the calculation can be found in the table below.

The difference between those two amounts leads to the estimated overall amount at risk at closure of EUR 8.6 Mio.

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<sup>47</sup> For executive agencies, the weighted average error rate is based both on the operational expenditure and the administrative expenditure corresponding to the subsidy of the parent DGs.

<sup>48</sup> The Agency has recalculated its corrective capacity as equal to 0.36% (it was 0.37% in 2016). This estimate is based on past performance of the ex-post controls **only** (ex-post audits) namely on the average recoveries implemented since 2011, after the payment was authorised by the Commission. The figures provided by DG BUDG (1.8% in 2017 and 3.1% over the last 7 years) had to be adjusted as it included corrections made prior to the payment (ex-ante).

<sup>49</sup> This amount is coherent with the historic average of ex-post controls corrections linked to audits. This year these corrections amount to 2.0 Mio EUR (see page 74).



### **Cost-effectiveness and efficiency**

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

The cost-effectiveness and the efficiency of the controls implemented at each stage are assessed in the sections below.

### **Grant management-direct<sup>5051</sup>**

#### **A- Stage one: Selection: Programming, Evaluation and ranking of proposals**

##### **Cost effectiveness**

At this stage the cost of control correspond to both expert's costs (paid via the operational budget) and staff and other costs (IT or translation costs for example) paid via the administrative budget.

Detail is as follows:

<b>in EUR</b>	<b>2016</b>	<b>2017</b>
Number of eligible proposals	12.052	11.967
Expert's costs	4.219.761	4.190.073
<b>Expert's costs per proposal</b>	<b>350</b>	<b>350</b>
Staff and other costs	10.514.286	10.785.716
Total costs at selection stage	14.734.047	14.975.789
Commitments made in EUR	692.461.796	702.620.686
in % of commitments	2,1%	2,1%

##### **Average expert's evaluation cost by proposal and costs at selection stage**

The expenses for the experts in 2017, EUR 4.4 Mio in terms of commitment and EUR 4.2 Mio in terms payment, are totally in line with the amount spent in 2016 (respectively EUR 4.4 Mio and EUR 4.2 Mio).

In general terms, the Agency, like other institutions, has put in place an electronic workflow for the management of experts' contracts. An additional simplifying measure relating to expert management is the use of a unilateral 'purchase order' instead of a contract signed by both parties. More specifically concerning the EACEA, the extensive use of online briefings for experts leads to a significant reduction of the related costs; using various IT solutions guarantees interactivity of the meetings and leads to a good level of satisfaction both of experts and project beneficiaries. All this, has positively influenced the cost-effectiveness of the expert's process and of the overall selection process, which is key when evaluating more than 12.000 applications per year.

In 2017, EACEA managed calls for proposals for an amount of more than EUR 702 Mio and the total costs of the evaluation stage represent 2.1% of this amount (stable compared to 2016).

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<sup>50</sup> The Agency does not perform a cost-effectiveness analysis for the procurement management (meaning that the Agency does not isolate the costs of the procurement management), as these only represent 2.6% of the total payments of the Agency. However, the Agency does have controls in this area. See section B – Procurement Management for further details.

<sup>51</sup> 2016 figures have been recalculated according to the methodology used in this report to offer comparison over the past two years.

The Agency considers that both the average cost of experts by proposal is which is around EUR 350<sup>52</sup> and the total costs at selection stage are cost-effective. The EACEA activities are specific and often relate to small projects, close to the citizens, refugees and students. The Agency has therefore made an increased use of collaborative tools (Yammer, Connected, infodays through webstreaming etc.) leading in turn to a reduced expert cost per proposal analysed and cost link to communication.

## Efficiency

In this stage takes place the preparation of the calls and evaluation of the submitted proposals. The first controls performed relate to the eligibility and admissibility of the proposals. They are carried out by EACEA staff upon reception of the proposals to make sure that they are submitted according to the rules and in compliance with the eligibility criteria set out in the work programme/programme guide.

The admissible and eligible proposals are then evaluated by an Evaluation Committee which is often assisted by experts. Most of the proposals are evaluated by two experts, who – after performing an individual assessment – exchange opinions and agree on a consensus evaluation report. During the evaluation, the experts may also assist the Evaluation Committee to evaluate the operational capacity of the beneficiaries (selection criteria), while EACEA assesses, at a later stage and when applicable, the financial capacity of the applicants requesting EU funding.

In EACEA, additional emphasis has been put on the evaluation stage and some processes and controls have been reinforced in order to ensure that:

- the experts do not have any conflict of interest for the proposals they evaluate;<sup>53</sup>
- there is a regular turnover among experts by introducing rules on rotation.

In this stage the Agency receives annually around 12.000 applications and the total budget for those applications is around EUR 3.000 Mio - EUR 3.500 Mio, meaning that the average grant requested is below EUR 300.000. These applications need to be processed and evaluated.

	2016	2017
Number of applications received	12.586	12.619
Total amount of grant request received (in Millions Euros)	3.084	3.482
Average grant requested (in thousand Euros)	245	276

The EACEA staff aims to successfully handle the call preparation and finalise the evaluation process of this large number of proposals, while respecting the overall control objective at this stage: to ensure a high quality evaluation, therefore the selection of high quality projects to achieve the operational objectives, set out in the specific work programmes. EACEA is addressing the shortcomings identified on this stage by the IAS report on EACEA's management of grants under Erasmus+ and Creative Europe – Phase1: from the call to the signature of the contract.

<sup>52</sup> Please note that this figure only relates to the cost of experts, not to the costs of the staff involved in the management of experts.

<sup>53</sup> For the moment, the EACEA applies the controls regarding conflicts of interests at the different stages of the evaluation process, notable a) When selecting experts to be used for the evaluations b) When e-siging the contract as an expert c) during the evaluation of proposals. EACEA controls mainly rely on the auto-declaration of the expert and on trust. The Agency will increase controls aimed at detecting problems with the reliability of the declarations of conflicts of interest of experts (i.e. evaluating proposals by performing keyword matching checks, such as expert's name, surname or email compared to the proposals received in order to spot any matching pairs)

Concerning the speed in managing this specific phase, the Agency can show a stable **time to inform** its beneficiaries. In 2016 it was equal to 3.6 months, while in 2017 it is equal to 4.1 months. The figure is considered efficient and well below the set reference threshold of 6 months.

### Benefits of control

Unlike Horizon 2020, the legal bases of the Agency's delegated programmes does not provide a formal appeals process. The Agency has therefore, on its own initiative but in agreement with its parent DGs, introduced a mechanism whereby any applicant can write to the Authorising Officer should he feel that he has been the victim of an administrative error. If an applicant perceives that there were shortcomings in the handling of his proposal during the evaluation, he can file a complaint. The complaint is thoroughly analysed and, where appropriate, may result in the re-evaluation of the proposal. The final decision on follow-up actions is taken by the Authorising Officer<sup>54</sup>.

In general terms, the Agency is conscious of the legitimate expectations of the beneficiaries, especially considering their nature (NGOs, public bodies, universities etc.) This is reflected in the positive feedback obtained by beneficiaries concerning their satisfaction (which is an important indicator also), in the third evaluation of the Agency, dated May 2016. In fact, the external consultant indicates that *"the analysis of the results of our survey (providing the applicants' and beneficiaries' perceptions) shows that the respondents tended to be very satisfied with the time period taken by the EACEA to evaluate and select proposals (85 % satisfied and 9 % neutral)."*

In more quantitative terms, the indicator on the evaluation review procedure helps monitoring the quality and effectiveness of the proposal evaluation process.

The low share of review requests and cases upheld for the calls of the WP 2017 provides a good indication on the robustness of the proposal evaluation process in terms of legality and regularity and offers assurance with respect to the effectiveness of the internal control system. The indicators are as follows and indicate stability over a two-year period.

	2016	2017
Number of requests for review received	129	117
In % of total of proposals received	1,1%	1,0%
Number of cases that led to a change of decision	3	4
	0,02%	0,03%

For the 2017 calls, 117 requests for review have been introduced so far through the evaluation review procedure. Up to now, it was concluded that, after re-evaluation of the proposals, 4 cases should be upheld. Out of these 4, none has been funded after re-evaluation.

In 2017, there were also 4 Article 22 requests<sup>55</sup> to review the legality of acts of EACEA, which have been introduced and treated by the Commission services. Only one request for review received was about the outcome of the evaluations from applicants not being selected for funding. In one case, as a result of the review, the Commission invited the the Agency to modify its decision and review in part the evaluation of the applicant's project proposal.<sup>56</sup>

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<sup>54</sup> The Agency has improved this procedure in early 2018 following the IAS audit.

<sup>55</sup> Cf. Council Regulation (EC) No 58/2003 of 19 December 2002

<sup>56</sup> The reason was mainly a lack adequate statement of reasons in the evaluator's assessment (which is not an

## B- Stage two: Contracting

### Cost effectiveness

In 2017, the EACEA signed 4,363 new grants/decisions for more than EUR 702 Mio of commitments.

As shown in table below, the total cost of control for the contracting phase is estimated to EUR 6.8 Mio, up by EUR 0.5 Mio, compared to 2016. The costs of the controls performed at this stage remain very low in comparison with the total value of the grant agreements signed, at some 0.96% of that value.

	2016	2017
Cost of control of stage two (in Mio EUR)	6,3	6,8
Number of contracts signed	4.468	4.363
Average cost of control for one contract (in EUR)	1.418	1.551
Cost of control as a percentage of the commitments of the year	0,91%	0,96%

The average cost of control by signed grant agreement is around EUR 1.500 in the EACEA, which is considered cost effective. Cost effectiveness obtained in this stage at the EACEA is also linked to the fact that the EACEA has been able to introduce grant decisions for some actions (instead of grant agreements) and has developed standardized models of contracts and decisions.

### Efficiency

The Evaluation Committee's role is to review and deliberate on all proposals, with the assistance where appropriate of experts, including, *inter alia* confirming the quality of the consolidated assessment produced by the experts. To support this process, a quality report is often produced by members of the Agency staff to describe the checks, problems found and corrections made to experts' work during the evaluation process. The outcome of the review and deliberation is the Evaluation Committee's opinion of the evaluation results, with a list of applications in order of merit by score and quality summary, and a proposal for the AOSD as to which applications should be funded, be on a reserve list, or rejected due to insufficient funds or quality. The proposals at the top of the ranking list are put forward for funding and the selected ones enter the grant finalisation process. According to the Financial Regulation, the Agency has nine months between the call deadline and grant signature (Article 128 of the FR). The Agency has also a specific target, which is to keep the Time to Grant (TTG) within 8 months. This consists of two periods and two primary time limits to comply with and the figures<sup>57</sup> are as follows:

	2016 as per last year's AAR	2016 after recalculation	2017
Time to inform (TTI)-art 128 FR- maximum 6 months	3,5	3,6	4,1
Time to contract (TTC)-art 128 FR-max 3 months	2,1	3,4	3,0
<b>Time to grant (TTG) (total of TTI and TTC)</b>	<b>5,6</b>	<b>7,0</b>	<b>7,1</b>

absence of explanation).

<sup>57</sup> See impact of Designated bodies on the Agency's figures in Executive Summary and See more detailed figures by programme and call for proposals on Annex 12



In the AAR 2016, the Agency calculated the TTI, TTC and TTG as an arithmetical average of each TTI, TTC, TTG of each call. Each call's figure was itself calculated as an average. However, DG BUDG's vademecum on grants foresees that the figure is based on the date when all applicants have been informed, meaning the date the last one was informed (or when the contract is signed in the case of TTC). The Agency's has therefore adapted the Business Object Report that calculates the TTI, TTC and TTG and recalculated last year's TTG figure in order to have a basis for comparison. As a result, the TTG is longer than in 2016.

As shown in the above table, this new calculation methodology increased the last year's TTG by almost 1,5 month. However, in both cases (2016 and 2017), the figures are within the requirements of article 128 of the Financial Regulation, and below the Agency's internal target.

In addition, the percentage of grants signed on time is 94.88% in 2017 (91.84% in 2016), which is a very good result, taking into account the difficulties introduced by the PIC validation procedure, that sometimes may cause/is causing a non-proportional administrative burden for small non-recurrent beneficiaries and beneficiaries/partners outside Europe (Neighbourhood countries, 3rd countries), which are part of the Higher Education beneficiaries.

In terms of satisfaction, in the third evaluation of the Agency dated May 2016, the consultant indicates that *"the analysis of the results of our survey (providing the applicants' and beneficiaries' perceptions) shows that the respondents tended to be very satisfied with the time period taken by the EACEA to contract the selected projects (85 % satisfied and 6 % neutral)."*

### **C- Stage three: Monitoring of the grant agreement execution, and recoveries**

This stage entails the monitoring of the execution of the project activities compared to the originally planned ones. The ex-ante controls are performed by the operational units and mainly focus on:

- an **assessment of the progress achieved** in the implementation of the project to ensure that the project is on track and that the initial objectives remain achievable;
- a **plausibility check on the declared costs**, referring in particular to justifications on the use of resources presented as part of the regular reporting requirements and assessed against the initial description of the work. When considered necessary, the grant beneficiaries are requested to provide evidence on the eligibility of costs (invoices etc.)
- the **compliance with the legality and regularity requirements** such as the complete and timely submission of project deliverables, etc.

### **Cost effectiveness**

The objective of this stage is to provide assurance that the projects are running as intended and allow the Agency to provide appropriate feedback on policy development. The Agency put in place a shared space to exchange information notably the reports after the on-site monitoring missions. Furthermore, this process enables the Agency to help underperforming projects to improve. On a yearly basis the Agency is sharing its monitoring strategy (at unit level) and the results of the latter in monitoring summaries.

The relatively high administrative costs of the EACEA overall are primarily related to the specific character of the funding schemes. Their complexity and the large number of rather small grants (in some schemes the average grant size is EUR 50,000) awarded to a large population of grant beneficiaries (which in many cases are small and possess limited administrative capacities) render the implementation of the programmes delegated to the EACEA rather expensive relative to other executive agencies.

Additionally, a significant part of the controls are qualitative and cannot be quantified in financial terms.

Finally the simplification measures, and in particular the introduction of lump sums may affect the benefits of controls, calculated as the amount of ineligible costs or recoveries orders issued by the Agency. In the current programming period, new controls were introduced to ensure that the project output was generated as planned, thus not limiting the controls to invoices or accounting documents.

In detail, the financial impact of the ex-ante controls performed in 2017 on the cost claims before proceeding to the payment is estimated at EUR 19.3 Mio, which shows a slight increase compared to 2016 (EUR 19.1 Mio).

The total cost of controls performed at this stage is estimated at EUR 23.6 Mio<sup>58</sup> or **EUR 3,933** per grant agreement, which shows a slight increase compared to last year (EUR 22.5 Mio). This is considered to be cost-effective, also in light of the complexity and small grants.

IN EUR	2016	2017
Benefits of controls in Mio EUR	19,1	19,3
Total cost of controls at this stage in Mio EUR	22,4	23,6
Number of grant agreements running on 31 December	6.028	5.989
Average cost of control for one running grant agreement (in EUR)	€ 3.723	€ 3.933

The relative stability of this figure is due to the structural element illustrated in the general context provided above and no major changes are foreseen in the short term.

#### **Average number of projects managed by an EACEA staff member and average number of projects monitored by an EACEA staff member (monitoring activities)**

In 2017, the average number of projects, managed by an EACEA staff member in operational programme management units, remains in the same range as in 2016.

	2016	2017
Number of running projects on 31 December	6.028	5.989
Total annual average of staff in operational Units (1)	313	318
Average number of projects by staff member in operational Units	19	19
(1) Except Eurydice and procurement		

The staff figure used in this calculation corresponds to 100% of the staff of Operational Units, while these have also other tasks not related to the management of running projects (for example, the selection activities).

#### **Monitoring of projects and mission costs**

Over the last few years, the Agency has put a significant emphasis on improving the effectiveness and the efficiency of the monitoring visits, for example by selecting them based on a risk analysis. On the one hand, pressure has been put on reducing the cost of missions and, on the other hand, on improving the benefits of these missions/monitoring visits, as described below. The Agency has also enhanced the use of remote monitoring through remote video conferences and the development of collaboration platforms and encouraged the missions with no costs or very low costs (in Brussels, or in Belgium, where a significant part of the Agency's beneficiaries are located). This has been done in the light of the nature of the Agency's beneficiaries.

In addition, it should be noted that the analysis of figures and indicators itself has its own limits as it does not include all qualitative aspects. As an example, the number of monitoring visits does not show the use of the results of these monitoring visits. In this

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<sup>58</sup> Including the missions' costs

respect, it should be underlined that the Agency has worked diligently to obtain the maximum benefit out of each control carried out (from a cost-efficiency perspective). Therefore, three years ago, the Agency started using monitoring visits not only to help and control beneficiaries. In fact, monitoring visits' objectives have been enlarged in order to allow the Agency to report additional key elements to the parent DGs. With this in mind, once a year, the Agency synthesizes monitoring visits' conclusions by programme and reports to the corresponding parent DGs. This work is under continuous revision and progress.

## **Efficiency**

### **Execution of operational payment appropriations**

Like in the previous years, the appropriations delegated to EACEA under the General Budget of the European Union (i.e. the credits of the EACEA Operational Budget) have been almost fully implemented by the Agency by 31<sup>st</sup> December 2017, having reached **97.6%** in commitment appropriations and **95.3%** in payment appropriations, for an amount of respectively EUR 702.7 Mio and EUR 635.94 Mio.

### **Time-To-Pay (TTP)**

An important indicator of this phase is 'Time-To-Pay' (TTP), which is defined as the percentage of payments made within deadlines set by the Financial Regulation. The Executive Summary gives an overview of the performance of the Agency in funding grants per type of payment. The results indicate a high compliance with the payment deadlines with **96%** of all payments processed in time (93% in 2016).

### **D- Stage four: Ex-post controls**

The fourth stage includes the ex-post controls.

### **Cost-effectiveness**

The total cost of ex-post controls, including the internal resources (staff) dedicated to this stage, the cost of outsourced ex-post audits and the missions' costs of the EACEA team, amounts to EUR 1.4 Mio. This amount is 24% below the 2016's figure. In fact, the Framework Contract for audit services (SMART 2010/0103 (DG CNECT)) expired in November 2015. In order to increase control efficiency and cost effectiveness, EACEA has decided to launch, as leading contracting authority and in collaboration with the executive Agencies (EAs) EASME and INEA, an Inter-Institutional call for tender aimed at signing a new framework contract in cascade for audit services. The publication of the call for tenders (EACEA 2015/10) took place in the last trimester of 2015 and the new contract was signed in June 2016, according to the planning. Therefore, this year is the first one that the Agency can see the full effect of the savings linked to the new Framework Contract.

The aim was also signing a tailored framework contract which focusses on the needs of the Agencies. The EACEA framework contract in cascade reduced the amount of time that staff is allocated to work on calls: the new contract required only one selection and evaluation procedure during its four year length (compared to the other option available provided by DG BUDG framework contract, requiring to re-open a competition for each new specific contract). Furthermore, the extra time available for staff is being used to perform more added value activities at the Agency. Finally, having put together the needs of three executive agencies, this new framework contract allowed for economies of scale and synergies (i.e. shared quality review process). In practical terms, the economies of scales resulting from this new contract also materialise when analysing the average cost per ex-post audit in 2017 compared to 2015.

In EUR	2015	2016	2017
Cost of internal resources (including overheads on prorata)	577.865	578.925	604.225
Cost of outsourced audits closed in the year	1.127.423	1.276.163	813.804
Costs of missions performed by the ex-post control team	8.749	8.661	1.841
<b>Total cost of ex-post control</b>	<b>1.714.037</b>	<b>1.863.749</b>	<b>1.419.871</b>
Number of closed audits (projects)	164	191	155
Average cost per ex-post audit	10.451	9.758	9.160

Based on the figures provided, the Agency also underlines that the average benefit of an audit (both random and risk based) is higher than the average cost of an audit, as reported in the table below.

In EUR	2016	2017
Total recoveries issued after an audit closed on 31 December	2.092.687	1.979.962
Number of audits closed on 31 December (projects)	191	155
<b>Average benefit per audit (project)</b>	<b>10.956</b>	<b>12.774</b>

The value of corrections made by implementing audit results, by means of recovery order and/or offsetting remains stable around EUR 2.0 Mio, as shown in the table.

In addition, it is worth reminding that there are a number of non-quantifiable benefits which are also important, namely the preventive and dissuasive effect of ex-post audits, especially with recurrent beneficiaries, the better identification of risks and therefore the identification of improvements areas, in addition to the assurance provided to the authorising officer.

Overall, the Agency considers that controls at this stage are cost-effective.

### **Efficiency**

At the end of 2017, the pre-information letters were sent on average 42 days (38 days in 2016) after the final audit report was received by the Agency. The related recovery order was issued on average 46 days after the pre-information letter (46 days in 2016).

Therefore the total time necessary to issue the recovery order is less than three months, a very good performance in terms of efficiency, considering the sensitivity of the procedure and the high inherent risk of litigation.

The last observation concerns the ability to produce the necessary data to perform the error rate calculation in due time.

In fact, the Agency close monitoring of the timely execution of the outsourced audits ensured the availability of data concerning the new programming period and all the programmes managed already last year. This year the data are based on a considerable number of audits (approximately 25% of the total audit carried out at the end of the previous programming period) and considered therefore robust.

### **(3) Differentiation of frequency and/or intensity of controls**

The FR article 66.2 gives the AOD the possibility to differentiate the frequency and/or intensity of the DG's controls in view of the different risk profiles, among its current and future transactions, and in view of the cost effectiveness of its existing and any alternative controls.

The Agency is continuously fine-tuning its internal and programme management arrangements, in order to further improve the efficiency of its operations. The improvements and simplifications mainly concerned the roll-out and rationalisation of IT tools, simplification of the financial management of the supported projects (primarily through the wider use of standard cost options, instead of real-cost funding) and streamlining other grant management processes (including the increasing use of electronic reporting). The review of recent changes in the Commission's executive agencies combined with the EACEA's good practices confirmed that the Agency is results-orientated and engaged in continuous learning and improvement of its efficiency.

The resources freed up by the simplification processes have been re-invested in many other processes in order to improve the quality of the service provided by the Agency to the beneficiaries or to the Agency's stakeholders in order to support policy objectives.

One good example is the simplification introduced some years ago by the use of eforms. Now that the indicator has reached its maximum, regarding its cost-effectiveness (95% of the applications are on-line), the Agency is working on options to reduce the time needed to develop e-forms and make them available for the call publication. In addition, the Agency is replicating the success of the e-forms with the development and generalised use of electronic interim and final reports for the new generation of programmes (2014-2020), thus introducing the possibility to use e-documents also for the last phase of the grant cycle. The aim is to improve the productivity within the Agency (by automating the submission of the reports), simplifying the work of the beneficiaries (no re-encoding of already known information) and facilitating the transition to a future corporate grant management system.

The Agency has conducted an exercise to quantify both the cost of the implementation of e-reporting and its benefits.

For 2016, across the programmes 56% of actions used eReports (Final and/or Interim), covering 77% of funded projects. This generated an estimated saving of 281 working days (by avoiding the scanning, registration & encoding of paper reports) with a value of around 100.000 euros.

For 2017, based on the operational units planning, the estimate is an increase in the use of eReports, with 67% of actions using them, thus covering 86% of funded projects. This produces an estimated saving of 266 working days with an estimated value of around EUR 95.000 slightly lower than in 2016, due to the lower number of projects funded.

For 2018, it is expected that the volumes will remain in line with 2017, as the remaining actions currently not covered by eReports consist of low numbers of projects. Therefore, the potential savings would be marginal compared to the cost of implementation. Generic Interim & Final eReports may be considered also for these actions, so they can also benefit from the time to pay reductions.

In terms of costs of e-reporting implementation, these are higher than the calculated benefits (around EUR 157.000 in 2016 and EUR 229.000<sup>59</sup> in 2017), due to the higher complexity of the e-reports, which required some new developments of the tool to solve performance and usability issues. However, non-quantifiable benefits should also be taken into consideration. The main benefits from the introduction of eReports are for the beneficiaries a reduction in the time to receive their payment (an estimated average of 4 days saved over postal delivery, and 3 days saved from the clerical handling of the reports), and a reduction in clerical errors from the manual encoding of data.

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<sup>59</sup> This corresponds to the cost of IT. It does not include the cost in the operational Units to manage the configuration process & testing.

Finally, eReports have also been an important part of piloting the use of the H2020 Participants Portal for communicating with beneficiaries, and this experience will be built on in 2018 for the introduction of the automatic sending & acknowledgement of the formal notification letters to grant applicants, as part of the introduction of eGrants at EACEA. This is also expected to generate important savings by avoiding the manual sending of these notifications by registered post.

Although the Agency has already carried out an exercise to differentiate the frequency of controls as a result of past audits and it might be legitimate to consider that no additional measures are needed, it is worth mentioning that this process is constantly evolving and that the Agency will continue its efforts in this direction.

### **E- Assessment of the EACEA's relative level of cost-effectiveness of grant management**

The Agency quantifies the costs of the resources and inputs required for carrying out the controls on grant management described in annex 5 and estimates, as far as possible, their benefits in terms of the amount of errors and irregularities prevented, detected and corrected by these controls.

The total cost of controls on grant management are as follows:

<b>Grant Management costs in Th. EUR</b>		<b>Costs</b>
<b>Stage 1: Selection</b>	Staff and other costs such IT	10.786
	Experts costs	4.190
<b>Stage 2: Contracting</b>	Staff and other costs such IT	6.765
<b>Stage 3: Monitoring and desk review</b>	Staff and other costs such IT	23.557
	Missions	382
<b>Stage 4: Ex-post controls</b>	Staff	604
	External inputs (audits)	814
	Missions	2
<b>Total</b>		<b>47.100</b>

According to the calculation above, total costs of grant management may be considered to be equivalent in the case of EACEA to the administrative budget of the Agency<sup>60</sup>. In terms of payments executed the ratio is as follows:  $47.1/629.2^{61} = 7.48\%$ , which the Agency considers to be cost-effective.

<sup>60</sup> In terms of approach, the Agency used the flat rate per full-time equivalent as per DG BUDG's guidelines and included the Titre III. Also, the management of Eurydice was left out of the scope.

<sup>61</sup> Payments related to grant management are as follows: 613.30 (grant management payments) +4.19 (experts)+0.55(interests)+11.2 (EDF)=629.24 Mio EUR.

Benefits of the grant management control system are to be considered as a whole, as they cannot only be expressed in monetary terms. The benefits are quantitative and qualitative and a purely quantitative cost-benefit evaluation would not reflect this reality. In addition, there are a number of non-quantifiable<sup>62</sup> benefits resulting from the controls operated during each control stage, which by definition are not included in the figures above. Among them:

- the selection phase, which aims at ensuring that the financed projects contributed in the best manner to the achievement of the policy objectives;
- preventive controls through annual information/kick-off meetings with new grant beneficiaries;
- monitoring missions to address problems in early stages and in a cooperative manner;
- Ex-post controls, having a deterrent effect.

Furthermore, the Agency acknowledges that the necessity of these controls is undeniable, since they are a regulatory requirement and the totality of the appropriations would be at (compliance) risk if they were not in place.

For this reason, and as already mentioned above, it is also necessary to consider the efficiency indicators, which reveal if the Agency allocated the appropriate quantity and quality of resources to ensure an efficient execution of controls.

To conclude, based on an assessment of the most relevant key indicators and control results, the Agency has assessed the cost-effectiveness and the efficiency of the control system of grant management and the conclusion is that its overall performance is positive, being either equivalent to the EACEA's performance in 2016 or has even improved in some fields as illustrated hereafter.

- **The Time to Grant:** the performance of the EACEA is significantly below the target of 9 months with an average of 7.1 months and 94.88% of the grants signed within the different targets. (7.0 months and 91.54% respectively in 2016);
- the share of **evaluation review cases** upheld in comparison with the number of proposals evaluated (0.03%) remains very low.;
- the overall **Time To Pay** performance remains excellent, and has in fact improved compared to last year, with 96%<sup>63</sup> of the grant-related payments (respectively 98% of the pre-financing payments and 94% of the interim and final payments) performed on time.

The third evaluation of the Agency carried out by external, independent professionals, all reports *"The actual costs of the EACEA during the evaluation period were lower than estimated in the financial statements prepared when considering its establishment (prolongation of timeframe or extension of tasks). In 2012-2014 the actual administrative budget implemented by the EACEA amounted to EUR 136 million based on the EU contribution and was some 9.7 % lower than the administrative budget estimations in the respective financial statements (EUR 151 million);*

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<sup>62</sup> As an example of non-quantifiable benefit, giving also an indication of the workload assumed at Selection Stage, the value of the 11.751 electronic grant requests evaluated by the Agency for funding amounts to EUR 3.482 Mio in 2017.

<sup>63</sup> In 2016 figures are the following 93% of the grant-related payments (respectively 96% of the pre-financing payments and 90% of the interim and final payments)



*The management and execution of the programme(s) by the EACEA was cost effective compared to the in-house (Commission) scenario. In 2012-2014 the estimated cost savings of the executive agency scenario were €41.8 million (22 %) compared to the in-house scenario. The savings of the executive agency scenario primarily resulted from a higher share of lower cost external personnel (CAs) employed within the executive agency and a lower number of staff in 2014."*

Ultimately, the effectiveness of Agency's controls is also confirmed by the third evaluation report of the Agency dated May 2016, where the consultant indicates: *"The surveys of the EACEA's applicants and beneficiaries revealed a high and somewhat increasing level of satisfaction with its performance. Up to 79.3 % of respondents had a positive opinion on the Agency's performance. **A total of 94 % of respondents indicated that they would consider applying for EU funding managed by the EACEA in the future.**"*

### **(3) Overall conclusion of control cost-effectiveness and efficiency**

As overall conclusion on the control cost-effectiveness and efficiency, the Agency monitors its total control & management costs (percentage of operating costs over the operational budget in terms of payments executed in 2017), namely 47.9/EUR 635.9Mio = **7.52%**<sup>64</sup> for 2017. This figure is stable since 2014, which is considered to be cost-effective, both overall and also taking into account the relative number and size of grants to be processed.

In the view of the Agency's management, the relative level of efficiency and cost-effectiveness of the controls implemented is adequate and no major improvements are necessary for the moment.

#### **• Fraud prevention and detection**

The Agency Anti-Fraud Strategy combined with an action plan was initially adopted in 2012 and revised in 2014. A revision was foreseen in 2015/2016 in the light of new programmes. However, it had to be postponed as the number of suspicions of fraud on grants financed under the 2014-2020 programming period was insufficient to draw lessons.

88% of the actions foreseen have been implemented as follows:

- A guidance on recovery context has been issued by the Agency in 2016/2017. However, the recovery context system is undergoing drastic changes by DG Budget since December 2017 and the Agency will have to adapt its guidance once the new system is stabilised;
- Contributing to the stabilisation of the new EDES system, the Agency has updated its manual of procedures and has designed an information/training presentation that was delivered to the financial coordinators;
- Under the ex-ante desk control strategy, audit certificates (both light and full) have been introduced since March 2013. The guidelines and templates have been adapted on the basis of a two-year experience basis ;
- The guidance note on financial capacity assessment was adopted in July 2014. The revision aiming at harmonising this tool within the Commission and the Executive Agencies as much as possible is being replaced by the e-SEDIA system;
- The Anti-Fraud data mining tool is regularly updated and improved;

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<sup>64</sup> The figure is in line with previous years' figures (2014-7.41%), (2015-8.13%) (2016-7.20%). The small difference with the same percentage related to the grant management costs only (7.48%), demonstrates the high relative weight of grant management over the total activity of the Agency.

- The common approach at Agency level to detect duplicate project applications and prevent possible double funding led to the use URKUND services to check the content of Erasmus+ documents (applications, final reports) against certain sources on the Internet, archives and databases;
- The Anti-Fraud trainings ("How to detect anomalies" & "Signalization of fraud & irregularities-EDES") are mandatory for all management staff and all financial & operational officers; In 2017, no general anti-fraud trainings were organised. Nevertheless ad hoc informative sessions were given on specific subjects such as EDES and the recovery context. The anti-fraud training material will be reviewed in 2018 to reflect the regulatory changes and data protection dimension and to take stock of the latest anti-fraud experience of the Agency.
- An Anti-Fraud section on the Agency's intranet offers relevant information (Agency's Anti-Fraud strategy, Agency's Anti-Fraud procedure, relevant templates, etc.) and is regularly updated.
- The anti-fraud assessment is part of the overall Agency's risk assessment (risk register) which is updated on a yearly basis and which implementation is followed carefully.

The preparation of a guidance document on reinforced monitoring of projects/beneficiaries/contractors (AO measures) in case of fraud, due to be implemented by 31 December 2015 was delayed. However, the anti-fraud correspondents coordinate with the financial and operational agents of the Agency and ensure guidance on reinforced monitoring on a case to case basis.

#### **Monitoring of results in 2017**

A major sensitive fraud case managed by the Agency in 2014 led to the adoption of a number of un-preceded measures (financial and administrative sanctions, criminal claims with financial damages, corrective measures). This experience has allowed the Agency to broaden its range of corrective measures which are now used in the most serious fraud cases.

During the reporting year, the Agency has transferred to OLAF 7 cases of suspicion of serious irregularities/fraud concerning beneficiaries active under the LLP/Erasmus+ and Creative Europe programmes: 1 case is under evaluation, 5 cases have been considered dismissed of which however 2 have been transferred by OLAF to the national judicial authorities, and 1 case is under investigation. Among the suspicion cases transferred to OLAF in the previous years, 4 are still being investigated by OLAF. During the reporting year, 6 entities, involved in projects financed under the LLP/Erasmus+, EU volunteers, Tempus, Culture and Media programmes were subject to reinforced monitoring for an estimated value of EUR 1.5 Mio.

Indicator	Results
Participation to mandatory anti-fraud trainings (staff)	No in-house training could be organised
Number of audits (risk-based or ad-hoc) having led to the identification of serious irregularities/fraud	3
Number of new entities submitted to monitoring measures as a result of suspicious of irregularities/fraud <sup>65</sup>	6 entities (13 projects)
Total amounts paid in the past related to these entities and subject to reinforced monitoring measures <sup>66</sup>	EUR 1.5 Mio
Number of grant agreements or participation of a co-beneficiary terminated for serious irregularities/fraud	3 <sup>67</sup>
Number and amount of recoveries issued in 2017 for serious irregularities/fraud	9 RO for EUR 1 Mio
Number of cases sent to OLAF	7
New EDES	0

## 2.1.2 Audit observations and recommendations

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

### DG BUDG

Although they cannot formally be considered audits, it is worth mentioning here that DG BUDG has performed since 2016, two separate exercises in order to analyse the accounting quality across the Commission's services, for which the draft report has been issued at the beginning of 2018.

In light of the new strategy for the validation of local systems the objective of the 1<sup>st</sup> exercise was to assess the accounting risk for EACEA by performing a desk review of our annual "Accounting Revision Program" (reference year 2016)

The objective of the validation process is to enable the Accounting Officer of the Commission to discharge her responsibilities as defined in Article 68 of the Financial Regulation, in particular validating systems laid down by the Authorising Officer to supply or justify accounting information. Local systems consist of financial management, accounting and inventory systems and include both the administrative processes designed to ensure the quality and completeness of data entered into the Commission accounts and the IT systems supporting these processes.

The evaluation of the local systems in EACEA was included in the DG BUDG validation

<sup>65</sup> There are also, 39 projects and 7 entities which remain under vigilance and reinforced monitoring since previous year.

<sup>66</sup> There are also EUR 2.8 Mio of additional payments subject to reinforced monitoring measures, linked to entities identified as suspicious in the previous years.

<sup>67</sup> Two grant terminations are the consequences of one of the above-mentioned risk-based audit.

2016 Work Programme as part of a horizontal review of the control environment of all Executive Agencies.

The concluding note of this first exercise was preceded by a list of non-binding recommendations with the purpose to further improve EACEA's annual "Accounting Revision Program". The actual note on the validation of local systems however concluded that **"... the assessed accounting risk for EACEA is low and the risk score is 0%."**

In the context of the evaluation of Accounting Internal Control environment in Executive Agencies the 2<sup>nd</sup> exercise had as objective "to provide assurance to the Accounting Officer on the proper functioning of the control environment and to individualise some best practices to be proposed as benchmarking".

The validation was performed in parallel for all Executive Agencies and therefore identified through this exercise a number of good practices and strengths that could be applied by other Executive Agencies (EACEA is mentioned for 5 such practices including our complete and documented methodology to follow-up accounting related audit recommendations; the continuous monitoring of our accounting quality revision program; the reconciliation of ABAC with our local accounting system)

The preliminary report **has not identified any weaknesses on the design or implementation of the local systems in place in EACEA** which would indicate that they do not meet the validation criteria laid down by the Accounting Officer of the Commission.

Nevertheless, it sets out seven "important" recommendations. These relate to the need to update checklists in legacy programmes to include controls on suspensions, the need to ensure that the beneficiary is informed of a payment suspension and to improve the registration of relevant, the need to encoding experts' contracts as a legal commitment<sup>68</sup>, the updating of the Risk Analysis to include risks for the cut-off exercise, the need of completeness of ex-post controls on contracts, the improvement of controls and qualification of the Recovery Context<sup>69</sup> and the improvement and follow-up of amounts receivable<sup>70</sup>.

EACEA has accepted 6 out of the 7 recommendations related to this report and will establish the respective action plans.

In addition to this purely accounting review, the Agency has been audited until the end of 2017 by both internal and external independent auditors: the Commission's internal audit service (IAS) and the European Court of Auditors (ECA).

## **European Court of Auditors (ECA)**

### **(1) Administrative budget – Specific Annual Report (SAR) 2016**

In September 2017, the European Court of Auditors issued its opinion related to the audit of the Agency's 2016 annual accounts for the administrative expenditure. The audit is performed each year in order to obtain reasonable assurance that the Agency's annual accounts are free of material misstatement and that the transactions processed by the Agency are legal and regular.

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<sup>68</sup> DG RTD is the system owner.

<sup>69</sup> This recommendation is similar to the recommendation issued by the IAS on its audit on recoveries (see below). The action plan was already concluded at the end of 2017)

<sup>70</sup> This recommendation was not accepted by the Agency and proof was given that the procedures in place ensure the quality and follow-up of recovery orders (amounts receivable).

The audit carried out by the Court consisted of analytical audit procedures, direct testing of transactions and an assessment of key controls of the Agency's supervisory and control systems.

The Specific Annual Report for the financial year 2016 provides the Court's opinion on the reliability of the accounts and the legality and regularity of the underlying transactions:

***Opinion on the reliability of the accounts***

In the Court's opinion, the Agency's annual accounts present fairly, in all material respects, its financial position as of 31st December 2016 and the results of its operations, its cash flows, and the changes in net assets for the year then ended. It does so in accordance with the provisions of its Financial Regulation and the accounting rules adopted by the Commission's accounting officer. These are based on internationally accepted accounting standards for the public sector.

***Opinion on the legality and the regularity of the transactions underlying the accounts***

In the Court's opinion, the transactions underlying the annual accounts for the year ended 31st December 2016 are legal and regular in all material respects.

Following the audit on the administrative expenditure, the Court made two comments:

- One on internal controls: when conducting its annual asset inventory in 2016, the Agency was unable to locate 46 IT items having a total **initial** value amounting to approximately 22 000 euros, indicating weaknesses in the safeguarding of assets. However, the value of unfound IT items during the 2015/2016 inventory exercise equals to only 0,64 % of the value of all IT items, which is in line with the results of previous years. It is worth noting also that the residual book value of the unfound items is much lower (approx. 8 000 euros) than the initial acquisition costs. In any case, the Agency will continue its regular inventory exercises ensuring the safeguarding of assets.
- Another recurrent comment on the budgetary management is that, carry-overs of committed appropriations were relatively high for Title III (support to agency operations). They are mainly related to IT services (EUR 0.9 Mio), on-going project audits (EUR 0.8 Mio), which were requested in 2016, but not yet invoiced at year-end or will only be delivered in 2017.

Similarly to the previous year, the Agency has taken note of the Court's report. As a result, no specific contradictory procedure was needed between the Court and the Agency.

**(2) Operational budget – Statement of Assurance (DAS) 2015, 2016 and 2017**

At the end of year 2017, 1 audit relating to the DAS 2015 is still open. All audits relating to the DAS 2016 have been closed. As to the Statement of Assurance (DAS) 2017 exercise on the Agency's operational budget, the Executive Agency has replied to several requests from the Court for documentation and information in relation to both the legality and regularity of transactions and the reliability of the accounts.

5 transactions or grant projects were sampled for the DAS 2017. At the end of year 2017:

- 1 transaction is closed with no finding.
- For the other 4 audits, the Agency is still waiting for the results.

## **Internal Audit Service (IAS)**

### **(1) Audit Engagements**

The IAS has conducted three audits on the Agency during the reporting year.

- The audit on recoveries<sup>71</sup>, where the EACEA has been selected as part of this audit together with three DGs<sup>72</sup>. In selecting the DGs/Services, the IAS considered criteria such as the volume of recovery orders issued, those subject to enforced recovery, their ageing and the volume of waivers. The audit report was finalised on 14 September 2017 and includes one important recommendation.
- The phase I of the audit on Erasmus+ and Creative Europe – Grant Management phase 1 aimed at assessing the quality and performance of the calls, evaluation and selection of proposals, which started last year. The audit report was finalised on the 06 December 2017 and includes one critical, eight very important and one important recommendation. The audit identified serious shortcomings in the design and implementation of EACEA's controls that require urgent and determined action to ensure that the highest quality projects are selected for EU funding in compliance with the applicable rules
- The audit on HR management strategy. The EACEA has received the draft version of the report on the 20 December 2017 and the final report in January, therefore is disclosing here, as subsequent event, the preliminary results of the final report issued on the 22 January 2018 and including three very important recommendations.

All recommendations have been accepted by the EACEA's management.

### **(2) Recommendations and Actions Plan**

#### **Engagements carried out in 2016.**

Following 2016's **Audit on the effectiveness and efficiency of the Erasmus+ Control Strategy**, the EACEA's management has accepted the auditors' recommendations and developed the action plan to adequately and effectively implement the two important recommendations addressed in the audit report. The action plan has been approved by the Director of the Agency.

The audit report included 2 recommendations marked as "important"; the 2 recommendations have been indicated as "ready for review" according to the planning and the IAS auditor's assessment was in progress. In January 2018 the, IAS performed a follow-up of these audit recommendations and concluded that the recommendations have been adequately and effectively implemented and will therefore be closed

#### **Engagements carried out in 2017**

All the details regarding the IAS audits carried out during the reporting year are illustrated hereafter. It is worth clarifying that, for the sake of transparency and the importance of internal control monitoring, the EACEA is disclosing in this document all the relevant and most updated information on subsequent events as per the 31<sup>st</sup> of March 2018. For this reason, the IAS Audit on HR Management in EACEA is taken into account, even if the final audit report was issued in January 2018. Similarly, all the relevant information regarding the action plan for the audit on EACEA's audit on Erasmus+ and Creative Europe – Grant Management phase 1 (from the call to the signature of contracts), as submitted to the Audit Progress Committee (APC) are also part of the following analysis.

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<sup>71</sup> IAS audit on the Management of recovery orders for competition fines and for recovery orders in the context of the Commission's corrective capacity

<sup>72</sup> The sample includes: DG CNECT, DG ENER, DG COMP and EACEA

Concerning the **Audit on Recoveries**, the IAS issued one important recommendation related to the encoding the recovery context in ABAC. The action plan was issued in October 2017. **Almost all milestones relating to this action plan are completed, except one<sup>73</sup>, which is not due yet.**

Following the the **Audit on EACEA's** audit on Erasmus+ and Creative Europe – Grant Management phase 1 (from the call to the signature of contracts), the IAS issued one critical, eight very important and one important recommendation. The Agency has accepted all recommendations. Overall the IAS identified serious shortcomings in the design and implementation of EACEA's controls that require urgent and determined action to ensure that the highest quality projects are selected for EU funding in compliance with the applicable rules.

IAS recommendations have identified the need for actions related to the control environment for grants, the evaluation process, evaluation committee and the role of experts, as well as the contracting phase.

Following the assessment of all the recommendations formulated by the IAS, in the light of the new Internal Control Framework adopted by the Commission in April 2017, EACEA linked this set of recommendations to "Control Activities" (Internal Control Component III) carried out to supervise the correct implementation of the procedures in place and to "Information and Communication" (Internal Control Component IV), requiring that the functioning of the internal control is assured by quality information.

The Agency has put in place an action plan, which has been accepted by the IAS. Accordingly, the Procedure on Exceptions and non-compliance events has been updated as per 15/01/2018, while the antifraud strategy will be revised by the 03/2018. Concerning the financial circuits, a first document<sup>74</sup> is dated 02/2018 while the final document is due by 06/2018<sup>75</sup>. Finally, the EACEA's Internal Review System established to ensure a fair and transparent procedure to deal with complaints challenging the rejection of grant application has been updated in February 2018.

The Agency has set up an action plan focusing on the revision of procedures, guidelines and templates. Whilst the present audit is focused solely on the Erasmus+ and Media programmes, EACEA has indicated that the action plan applies to all delegated programmes. It contains immediate actions (e.g. proper documentation of procedures and immediate changes of procedures to be applied to the next round of calls) and other long-term changes in the EACEA way of working.

The first improvements coming out of the action plan are already implemented and ready for review during the month of March 2018. The IAS launched a rapid follow-up process in February 2018 to assess the progress in the implementation of the action plan.

During its follow up, the IAS performed the follow up work illustrated hereafter.

- A desk review of the new *Guidelines on the Governance of Procedures, Guidelines and Template Documents Related to Grant Management, Guidelines on non-recording of exceptions and non-compliance* produced by the Agency, following the audit.

**The IAS concluded that the design of the reviewed procedures and guidelines is adequate and complies with the Financial Regulation.**

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<sup>73</sup> The Anti-Fraud procedure will include a section on the recovery context, highlighting its importance for the accountancy and Anti-Fraud, clarifying the codes and definitions due in March 2018.

<sup>74</sup> Inventory of the transactions in a wide sense and inherent risk related to them.

<sup>75</sup> The final risk assessment report will document possible amendments of current financial circuits and/or adaptation of existing controls, following testing of sampled transactions"



- An assessment, via direct observation, of the functioning of the evaluation committees related to two calls, in order to observe the implementation of the related new procedures and guidelines.

Concerning this point the IAS noted an enhanced role of the evaluation committees compared to the situation found at the time of the audit. **Nevertheless, in one case further improvements are still needed and the IAS intends testing more complex calls for proposals and also the activity of the evaluation committees across the Agency, in order to have a complete picture. For these reasons, the IAS could not conclude on the full implementation of the related recommendations.**

- A test of the calculation of time to inform (TTI) and time to contract (TTC) included in the draft AAR 2017.

Concerning this point, the IAS noted that **the new methodology for the calculation is in line with the Commission rules, nevertheless some inaccuracies have to be still addressed, therefore this recommendation stays open.**

All the improvements noted by the IAS concerning the above illustrated subjects resulted in the downgrading of three recommendations to the immediate lower level of risk:

- **The recommendation concerning the role of the evaluation committees was downgraded from 'critical' to 'very important' risk level (recommendation n° 2);**
- **The recommendation related to the calculation of the time to inform (TTI) and time to contract (TTC) was downgraded from 'very important' to 'important' risk level (recommendation n° 9);**
- **The recommendation related to Distribution Schemes under the MEDIA sub-programme was downgraded from 'very important' to 'important' risk level (recommendation n° 10).**

**All recommendations remain open for full review by the IAS.**

At documentary level, the Agency has already updated and adopted the following documents:

- Guidelines for evaluation committees and evaluation methodology (including report template) and dedicated training targeting the coming selections as a priority were organised in January 2017. Gradually all staff involved in the selection process will be trained.
- Guidelines to prepare an award decision
- Guidelines on governance of documents and storage
- Guidelines on recording exceptions (already used for the analysis of the 2017 register)
- Guidelines on providing feedback to applicants
- The rules to calculate "time to inform" and "time-to-contract" KPIs have been updated in line with DG BUDG guidance and already used to calculate the 2017 AAR KPIs shown in this document. Check on data quality has been reinforced.

Furthermore,

- Updated Grant Management Procedures<sup>76</sup> have been approved also by parent DGs on 20/2/2018 and applied with immediate effect. The documents will be subject to further review following their first application.
- Instructions concerning ex ante controls over the correctness of selection and award criteria have been issued.
- Instructions on the adjustments to proposals have been issued.
- Instructions to assure that derogations to the non-retroactivity principle are duly justified and formally adopted have been issued and already applied in new calls for the MEDIA programme.
- For the MEDIA programme the sampling on eligibility checks has been abolished and an evaluation committee for the second step of evaluation (for Automatic Scheme) has been already nominated.
- Concerning MEDIA programme, the call guidelines have been updated to ensure transparency (all criteria are now published in the call).

To conclude on the measures already put in place, information sessions by the Agency's Director and the RMIC, aimed at raising awareness among the staff over the importance of the action plan, has been held on in January and February 2018. Due to remarkable demand, a third session has been organised in March.

Concerning the audit on **HR management in EACEA**, in its final audit report published in January 2018 the IAS issued three very important recommendations as follows.

The various components of the HR strategic framework (HR strategy, Learning and Development Framework and Knowledge Management Strategy) are not fully coherent and the related strategic objectives are not monitored by specific indicators. The Agency has not translated its HR-related strategies into an annual HR plan.

The current organisational structure is not formally reflected in SYSPER2 (namely the sectors created in each unit). Consequently, the Agency manually manages the delegation of tasks, which is both inefficient and prone to errors. Additionally, job descriptions are not harmonised across the Agency and the internal guidelines on establishing job objectives do not cover all the job profiles currently present in the Agency.

The selection process for contract agents does not always ensure the respect of the principles of transparency, objectivity and fairness. The Internal Instructions do not cover important steps of the selection process and do not assign clear responsibilities to the key actors, in particular the Selection Committee (SC) and its members. Moreover, the selection procedures sampled do not always comply with the existing instructions/guidance and are not adequately documented.

Following the described recommendations, the Agency has put in place a detailed action plan including the following actions.

Regarding the recommendation N°1, an Annual HR Plan including operational objectives and actions with KPIs and clear target dates, responsible actors and progress status is under finalisation. A reviewed HR dashboard, complemented by additional statistics, has been prepared and will be presented to the Management meeting on a quarterly basis.

Concerning the recommendation N°2, the Agency has tabled the validation of the current organisational structure at the first Steering Committee meeting of 2018 (26/02/2018). Existing job titles have been reviewed in order to ensure harmonisation across the

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<sup>76</sup> Guidelines for evaluations committees and evaluation methodology; Guidelines to prepare an award decision; Guidelines on governance of documents; Guidelines on recording exceptions; Guidelines on providing feedback to applicants.

Agency and the updated Overview of existing job families in the Agency has been endorsed by the Management meeting of 31/01/2018

Regarding recommendation N° 3, Internal instructions concerning Selection procedures for Contract agents are being updated taking into account all audit recommendations and the new employment conditions of contract staff which entered into force for the EACEA on 1 January 2018.

### **(3) Follow-up Engagements**

According to its policy, the IAS is planning to carry out the follow up of the audit on recoveries and the one on HR management strategy within one year.

As already mentioned the IAS has closed the two important recommendations related to the audit on Erasmus+ control strategy in early January (see above).

The most relevant follow up concerns the audit on EACEA's audit on Erasmus+ and Creative Europe – Grant Management phase 1 (from the call to the signature of contracts). The IAS has notified the Agency that the follow up of this audit would start already in January 2018, in order to review, as soon as they are available, the documents produced by the Agency in response to the audit.

#### **(4) Conclusion of the IAS on the state of internal control**

Based on all work undertaken by the IAS in the period 2015-2017<sup>77</sup> and taking into account that:

- management has adopted action plans to implement recommendations made by the IAS in 2015-2017 and accepted by management and which the IAS considers adequate to address the residual risks identified by the auditors,
- the implementation of these plans is monitored through reports by management and follow-up audits by the IAS, and
- management has not rejected any 'critical' and/or 'very important' recommendations

the IAS has concluded that the **internal control systems audited are**

- Overall not effective concerning the process for evaluating grant applications, for which the IAS found serious shortcomings in the design and implementation of EACEA's controls that require urgent and determined action to ensure that the highest quality projects are selected for EU funding in compliance with the applicable rules,
- Partially effective concerning HR management.

#### **(5) Conclusion**

The critical recommendation issued by the IAS following its audit on Erasmus+ and Creative Europe on Grant Management phase 1 (from the call to the signature of contracts), concerns the review and deliberation by the evaluation committees at the Agency<sup>78</sup>.

Since the risk of litigation as regards this issue is low and the findings do not have an effect on the concluded grant agreements, the issue should not have any financial consequences<sup>79</sup>. At the same time, the Agency notes that the criticality of this, and other points, confirms a weakness in the internal control system<sup>80</sup> and has taken comprehensive measures to address this issue in the form of the audit action plan.

As a result of the assessment of the risks underlying the auditors' observations, together with the improvement measures taken in response, the management of the Agency believes that the recommendations issued do not raise any issues on the legality and regularity of the underlying transactions which could have an impact on the assurance. In fact resources have been used for their intended purpose and in accordance with the principle of sound financial management.

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<sup>77</sup> Namely Final audit reports issued in the period 01/02/2015 – 31/01/2018, including Audit on the effectiveness and efficiency of the Erasmus+ control strategy in EACEA and in National Agencies (2015), Audit on management of recovery orders for competition fines (incl. guarantees for competition fines) and for recovery orders in the context of the Commission's 'corrective capacity' – Phase I (2017), E+ and Creative Europe Grant Management phase 1 (from the call to the signature of contracts) in EACEA (2017), HR management in EACEA (2017-2018).

<sup>78</sup> IAS found no documentary evidence that the evaluation committees reached their final conclusions on applications based on a review and deliberations on the merits of all the proposals submitted. The IAS is missing supporting evidence that the committees did not simply endorse the work done by experts, which is in breach with Articles 204 (1) RAP and 204 (4) RAP

<sup>79</sup> The Agency formally consulted the competent Commission Services to seek their opinion.

<sup>80</sup> See the section 2.1.3 "Internal Control Assessment" 2.1.3

DG BUDG and IAS recommendations are being implemented as part of a continuous effort to improve its management, control systems and value for money. In chapter 2.1.3 below, the Agency assesses the effectiveness of its internal control systems including the impact of IAS recommendations on it.

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

The Agency has assessed its internal control system during the reporting year following the methodology established in the "Implementation Guide of the Internal Control Framework of the Commission", according to the new Internal Control Framework adopted by the Commission in April 2017.

#### **a) Management's assessment of the effectiveness of the internal control systems**

In April 2017, the Commission adopted a new internal control framework and DG BUDG provided the necessary methodology and tool to implement it. The EACEA welcomed from the very first moment the introduction of a more robust and structured framework, recognising its value from the very beginning.

Therefore, in spring 2017 the Agency decided to fully implement the new internal control framework already in the reporting year, without waiting for the mandatory deadline provided by DG BUDG (Annual Activity Report 2018). Consequently, a list of completely new internal control indicators was adopted, covering the 17 principles and suitable to be used also for the new self-assessment exercise<sup>81</sup> ended in December 2017<sup>82</sup>.

Through the self-assessment, management and staff gave their individual opinion on the effectiveness of the internal controls in place in the day-to-day operations. 92% of the participants (36 managers and 96 staff), invited to take part in the survey, completed it. The overall effectiveness rate, measured by the weighted percentage of scores is **73%** (86 % for managers and 68% for staff).

The overall assessments on effectiveness (73%) can be considered as indicative of a fairly mature internal control structure, with room for improvement. The higher score for managers may partly indicate a better awareness amongst managers on the various control structures in place.

The main control issues identified through the self-assessment concern the way EACEA manages organisational changes and low performance cases among staff<sup>83</sup>. They have been linked to the relevant internal control principles, thus encoded in the register of deficiencies and taken into account, together with any identified strengths, in order to assess the risk level of the relevant internal control component (Control Environment and Risk Assessment in these cases). During 2018, these issues will be adequately addressed via recommendations issued by the RMIC listed in a dedicated internal control improvement plan regularly monitored. These issues are considered as having "per se" no impact on the assurance.

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<sup>81</sup> The list has been disclosed and shared with DG BUDG as per the set deadline of 1/12/2017.

<sup>82</sup> A sample representing 30% of EACEA management and staff has been asked its opinion about aspects related to all the new 17 control principles.

<sup>83</sup> Respectively affecting principle 9 and principle 5 of the framework.

## **b) Reporting by Authorising Officers by sub-delegation (AOSDs)**

EACEA has implemented a structured reporting from the Heads of Unit and Head of Department, in their capacity as AOSDs, to the Director on:

- assigned activities from EACEA's AWP 2017 (Financial performance and audit indicators, calls and selections);
- appeals and requests for review and anti-fraud files where applicable;
- Unit management (including internal organisation, staff management, HR issue);
- new risks and challenges related to the activities under their control;
- possible issues which may impact on the Annual Declaration of Assurance.

No significant issues which could affect the Director's Declaration of Assurance other than those already noted in this report were signalled through the 2017 AOSDs reports. However, the AOSDs and Head of Department have indicated to be aware of the critical and important findings of the IAS Report, that corrective measures have and will be undertaken and that the supervision will be strengthened at all levels to address these issues.

## **c) Register of exceptions**

EACEA units have to report on all exceptions internal control weaknesses and non-compliance events, potentially leading to weaknesses through a dedicated procedure and using pre-defined templates. A central register is used at EACEA and the related guidelines were updated at year end to better define "non-compliance events and exceptions".

In detail, in 2017, EACEA had 11 exceptions classified as non-compliance events, following the above mentioned update of EACEA guidelines on the register<sup>84</sup>. Therefore, the assessment of 2017 register is fully compliant with the methodology proposed by DG BUDG.

Among the reported cases, two concern shortcomings in the financial circuits<sup>85</sup>.

Three other cases concern the formulation of eligibility criteria too restrictively and one additional case refers to an eligibility criterion which was not clearly formulated, with the subsequent need to deviate from them during the evaluation phase. The four cases put in evidence the need to better formulate the text of calls, in order to produce quality information (as foreseen by Principle 13 of component IV "Information and Communication") and reinforce the control activity in the ex-ante phase (Internal Component III "Control Activities").

One case refers to the lack of respect of the non-retroactivity principle<sup>86</sup>.

Two cases concern the deviation in the implementation of audit results vis à vis of the beneficiaries as decided by the authorising officer.

The two last issues are linked to formal mistakes. In one case the Agency proceeded to the briefing of experts for the selection process, before the final pool was approved and in the last one an information on eligible costs for subcontracting was wrongly reported from a previous call, and re-used in the call specifications.

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<sup>84</sup> Also an IAS recommendation on this topic invited to better define the two types of events. The revised guidelines document has been approved and implemented since 15/1/2018.

<sup>85</sup> A topic also raised by the IAS in its audit on Grant Management –phase I (from the call to the signature of contracts)

<sup>86</sup> Also detected by the IAS audit on Grant Management –phase I (from the call to the signature of contracts).

The above mentioned issues have been identified during the year 2017, included in the register of deficiencies, linked to the relevant internal control principle and ranked in terms of risk level. They need further attention because they show weaknesses in specific areas (Internal Component III "Control Activities" and IV "Information and Communication"). They will be properly followed up during 2018, both in the framework of the existing action plan and of the monitoring of the internal control system.

#### **d) Risk assessment exercise**

A risk assessment exercise is performed at EACEA level on a yearly basis in preparation of the AWP of the following year. In 2017 no critical risks were identified for the AWP 2017 and reported to the Central Services and EACEA's Steering Committee.

#### **e) Assessment of the functioning of the internal control system**

As already mentioned, the results of the self-assessment 2017 showing the need of a better management of organisational change and low performance cases among the staff, have been collected in the register of deficiencies of the Agency together with the information coming from all the other relevant sources available described above:

- the EACEA risk register in its updated version (December 2017);
- the EACEA register of exceptions and non-compliance events related to the entire year 2017;
- the audit recommendations formulated by the IAS in 2017, especially those following its audit EACEA's audit on Erasmus+ and Creative Europe – Grant Management phase 1 (from the call to the signature of contracts), formally issued on the 6<sup>th</sup> of December 2017<sup>87</sup>. This audit covers the programmes Erasmus+ and Creative Europe and the process of managing the grants from the call organisation to the signature of contracts relating to the awarded grants;
- to be fully transparent and exhaustive, the results of the audit on HR Management whose final report has been formally issued in January 2018 have been included in the register of deficiencies and taken into account.

All the deficiencies have been linked to the relevant internal control principle and rated in terms of risk level, once weighted against the detected strengths. Following the comprehensive analysis carried out, some relevant weaknesses have been identified mainly concerning two internal control components. The first component is "Information and Communication" (IV) referring to the lack of formalisation of guidelines and procedures in different topics mainly related to the initial phase of the grant management process (i.e. concerning the evaluation committee) and the HR management.

The Agency has already put in place corrective measures and implemented a series of rapid actions detailed in section 2.1.2. The second internal control component to be improved is "Control Activities". EACEA concludes that "Control Activities" need to be reinforced, in order to optimise audit trail and the supervision of the grant management process. Having assessed its internal control system during the reporting year, the Agency has concluded that **it is only partially effective as the internal control components III "Control Activities" and IV "Information and Communication" need major improvements. This weakness leads to an unquantified reservation for the reporting year.**

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<sup>87</sup> Final Audit Report on Erasmus+ and Creative Europe – Grant Management phase 1 (from the call to the signature of contracts) in EACEA of the 6<sup>th</sup> of December 2017.



## 2.1.4 Conclusions as regards assurance

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

The information reported in Section 2.1 stems from the results of management and auditor monitoring contained in the reports listed. 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 comprehensive coverage of the budget delegated to the Director of EACEA.

In conclusion, the analysis on the year 2017 illustrated in this document identifies two relevant building blocks affecting the assurance in 2017.

In the context of ex-post control results, the three reservations concerning the programmes phasing out, LLP, Culture and Youth in action (2007-2013), also present in 2016 AAR should be maintained for the reporting year 2017, due to an error rate above 2%. The new generation of programmes (2014-2020) does not show any issues in terms of error rate.

Concerning the EACEA internal control system the conclusion on partial effectiveness is justified by the audit of the IAS on EACEA's audit on Erasmus+ and Creative Europe – Grant Management phase 1 (from the call to the signature of contracts) The identified weaknesses which need to be reported in this document relate to internal control components IV "Information and Communication" and III "Control Activities". Due to these weaknesses, the Agency internal control system is partially present and functioning and improvements are needed.

With this respect, it is relevant reporting, that on the one hand, the competent Commission Services, having taken into account the results of the IAS audit on Grant Management phase I (from the call to the signature of contracts), confirmed that the legality and regularity (considering also the low risk of litigation) of EACEA's decisions are not in question as well as the validity of the ongoing grant agreements, given that IAS findings refer to the pre-contractual phase.

Therefore, EACEA concludes that it can provide reasonable assurance regarding the legality and regularity of underlying transactions, sound financial management, reliability of financial and management information and safeguarding of assets, except for the process for evaluating grant applications, as outlined above.

On the other hand, concerning the weaknesses identified, the Agency has promptly set up and implemented an action plan focusing on the revision of procedures, guidelines and templates. In addition, whilst the present audit related solely to the Erasmus+ and Creative Europe programmes, EACEA has indicated that the action plan applies to all delegated programmes.

Concerning the evaluation process, the first improvements coming out of the action plan are already implemented and ready for review.

The results of the IAS first follow up performed in February and March 2018 show significant improvements resulting in the downgrading of three audit recommendations.

Finally, an internal control improvement plan is under preparation and will be implemented in the course of 2018 in strict coordination with the action plan already launched, both to complement it and to reinforce the weakest areas of the internal control system. The Agency has already applied in 2017 the new internal control framework adopted by the Commission including the methodology for its assessment and it is ready to integrate the necessary recommendations the risk management and internal control coordinator (RMIC) will issue the to tackle the identified weaknesses.

In conclusion, following all the measures put in place, the management has reasonable assurance that risks are being appropriately monitored and mitigated and overall, suitable controls are in place and working as intended, except for internal control

components III "Control Activities" and IV "Information and communication" and that necessary improvements and reinforcements that are needed and being implemented.

The Director, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance albeit qualified by reservations concerning the internal control system and the 2007-2013 programmes LLP, Culture and Youth. These three reservations were already present last year and refer to phasing out programmes, with very little amounts at stake, but show unfortunately an error rate above 2%.

### **2.1.5 Declaration of Assurance and reservations**

## DECLARATION OF ASSURANCE

*I, the undersigned,*

Executive Director of Executive Agency for Culture, Education and Audiovisual, in my capacity as authorising officer for the operating budget and authorising officer by delegation for the operational budget

Declare that the information contained in this report gives a true and fair view<sup>88</sup>.

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

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the limited conclusion of the Internal Auditor on the state of control, 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 Education, Audiovisual and Culture Executive Agency or those of the Commission here.

However the following reservations should be noted:

- Considering that the materiality of the amount at risk is at 6.17% for the Lifelong Learning programme (2007-2013), a reservation is warranted for this programme. Considering that the materiality of the amount at risk is at 11.50% for the Culture programme (2007-2013), a reservation is warranted for this programme. Considering that the materiality of the amount at risk is at 3.62% for the Youth in Action (2007-2013), a reservation is warranted for this programme. Although the materiality is above 2% for these programmes, its effect on the overall assurance and declaration is limited given the weight of the amount at risk, which corresponds to 0.44% of the 2017 total payments done by the Agency.
- Considering the outcome of the internal control specific assessment and the recommendations issued by the Internal Audit Service, in particular during its audit on Erasmus+ and Creative Europe grant management –phase I (from the call to the signature of contracts), demonstrating internal control system weaknesses (especially in the component III "Control Activities" and IV "Information and Communication"), a non-quantifiable reservation is warranted. However, its effect on the overall assurance and declaration is limited by a) the fact that there is low risk of litigation, no impact on the legality or regularity of transactions, b) the reputation of the Agency vis a vis of the applicants and beneficiaries is preserved.

Consequently, despite the reservations, the overall assurance can be maintained.

Place Brussels, date 28/03/2018

Signed

Brian Holmes

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<sup>88</sup> True and fair in this context means a reliable, complete and correct view on the state of affairs in the Executive Agency.

## Reservation 1 for the Internal Control System (Internal Control Components III and IV)

<b>DG</b>	EACEA
<b>Title of the reservation, including its scope</b>	Internal control system partially functioning due to Internal Control Component III "Control Activities" and IV "Information and Communication" needs major improvements in terms of documentation of EACEA procedures, guidelines and controls over their implementation.
<b>Domain</b>	Direct management – grants
<b>Programme in which the reservation is made and total (annual) amount of this programme</b>	Even though the IAS Audit scope concerning Grant Management phase I was limited to the programmes Erasmus+ and Creative Europe –MEDIA, the Agency has decided to implement the identified action plan for all delegated programmes. Amounts indicated hereafter are merely indicative because there is no impact in terms of financial risk to the budget (unquantified reservation). 2017 payments are as follows Erasmus + : EUR 399.655.175 Creative Europe : EUR 154.810.699 Europe for Citizens : EUR 23.289.835 EU Aid Volunteers EUR 15.348.258
<b>Reason for the reservation</b>	Following the comprehensive analysis of the internal control system carried out in full according to the new internal control framework adopted in the reporting year by the Commission, and including all the sources of information available, the EACEA acknowledges the existence of weaknesses in its Internal Control System, mainly related to the internal control component III "Control Activities" and IV, "information and Communication". Specifically, the EACEA, during 2017, had deficiencies in its procedures and guidelines, process documentation and management oversight concerning their correct implementation.
<b>Materiality criterion/criteria</b>	Not applicable.
<b>Quantification of the impact</b>	Non quantifiable reservation.
<b>Impact on the assurance</b>	The identified weaknesses relate to the lack of an adequate procedures mainly in the Grant Management process (first phase). Therefore, it affects the Internal Control System's ability to supervise effectively the Grant Management process, detecting mistakes and irregularities and proposing actions for improvement. Part of the assurance coming from an effective functioning of the entire Internal Control System is therefore affected.
<b>Responsibility for the weakness</b>	EACEA
<b>Responsibility for the corrective action</b>	Concerning the identified weaknesses, the Agency has set up an action plan focusing on the revision of procedures, guidelines and templates. EACEA has indicated that the action plan applies to all delegated programmes. It contains immediate actions (e.g. proper documentation of procedures and immediate changes of procedures applied immediately for the first calls of 2018) and other changes in the EACEA way of working to be implemented by 2018. The first improvements of the action plan are already implemented and ready for review starting from the month of March 2018. The action plan is in the responsibility of EACEA, with the support of the parent DGs. In line with the new internal control framework adopted by the Commission and the methodology for its assessment, the risk management and internal control coordinator (RMIC) will issue the specific recommendations to tackle the identified internal control weaknesses. Internal control improvement actions will be implemented during all year 2018 in strict coordination with the action plan already launched.

## Reservation 2 for the LLP programme 2007-2013

N°	Title	Type (Financial or Reputational)	2017 amount at risk (in million euros)	ABB amount concerned in 2017 i.e. scope (in million euro)
1	LLP 2007-2013	Financial	EUR 1,7 million	EUR 5.7 million
	<b>DG/service</b>	EACEA		
	<b>Title of the reservation, including its scope</b>	Materiality of the amount at risk resulting from the multi-annual residual error rates detected through ex-post audits in grant payments being above 2% of the programme budget for the Lifelong Learning Programme (LLP) 2007-2013		
	<b>Domain</b>	Direct management – grants		
	<b>ABB activity and amount affected</b>	LLP programme (2007-2013): 15 02 51 00 4 Scope: EUR 5,711,833		
	<b>Reason for the reservation</b>	Occurrence of significant errors in the underlying transactions (legality and regularity) found through ex-post controls. The multiannual materiality of the amount at risk for the LLP programme 2007-2013 is 6.17%. The errors concern mainly the difficulty for some beneficiaries to produce adequate justifying documents and the non-respect of some eligibility rules. The multiannual detected error rate is 4.42%.		
	<b>Materiality criterion/criteria</b>	The materiality criterion in terms of the legality and regularity of underlying transactions of 2% of the ABB activity was breached.		
	<b>Quantification of the impact (= actual exposure")</b>	The 2017 amount at risk is calculated for the LLP programme concerned by multiplying the value of the grants closed (i.e. balance payment+related cleared pre-financing) in 2017 for which a final payment was made in 2017 (relevant expenditure) by the multiannual detected error rate and taking into account corrections on the audited population during 2017. It amounts to EUR 1.7 Mio (4.42% times EUR 38.1 Mio <sup>89</sup> ).		
	<b>Impact on the assurance</b>	Although the materiality is above 2% for the legality and regularity of the financial transactions at stake under the LLP programme 2007-2013 resulting in this reservation, its effect on the overall declaration of assurance is limited given the weight (4.01%) of the amount at risk compared to the total budget execution in terms of payments related to the programming period 2007-2013 in 2017 within the Agency (EUR 1.7Mio / EUR 42.8Mio = 4.01%) or 0.27% compared to the total budget execution in terms of payments in 2017 within the Agency (EUR 1.7 Mio/EUR 635,9 Mio = 0.27%)		
	<b>Responsibility for the weakness</b>	The errors occur at the level of final grant beneficiaries and the ex-ante controls within the Agency failed to sufficiently prevent, detect and correct erroneous payments.		
	<b>Responsibility for the corrective action</b>	The Agency will, like in previous years, thoroughly analyse the (most recurrent) errors found through the latest batches of audit reports and, if necessary, implement additional actions in the course of 2018 taking into account the cost-benefits of any possible corrective measures. The Agency believes that the action plan described in Part 2 should be fully effective for projects committed in 2012 and after. However, these projects will not become subject to an audit until 2016. The mandatory use of audit certificates by beneficiaries, added to the improved communication on financial obligations, should allow the 2% materiality threshold to be reached for these projects. However, the impact on the multi-annual error rates could be smaller, as this improvement could be more than off-set by the higher error rates during previous years when the amount of auditable/closed projects relating to the Culture 2007-2013 programme is very limited. Hence, despite this action plan and based on the above analysis and a prudent extrapolation, the Agency believes that the reservation for the LLP Programme 2007-2013 could recur until the total phasing out of the programme.		

<sup>89</sup> Given that this is a phasing out programme, no new amount corrections have been issued in the audited population. Audit recoveries amounting to EUR 438.408 have been issued during the reporting year but corresponding to risk based projects related to LLP 2007-2013.

### Reservation 3 for the Culture programme 2007-2013

N°	Title	Type (Financial or Reputational)	2017 amount at risk (in million euros)	ABB amount concerned in 2017 i.e. scope (in million euro)
1	Culture 2007-2013	Financial	EUR 1,0 million euros	EUR 3.0 million euros
<b>DG/service</b>		EACEA		
<b>Title of the reservation, including its scope</b>		Materiality of the amount at risk resulting from the multi-annual residual error rates detected through ex-post audits in grant payments being above 2% of the programme budget for the Culture Programme 2007-2013		
<b>Domain</b>		Direct management – grants		
<b>ABB activity and amount affected</b>		Culture programme (2007-2013) 15 04 51 Scope: EUR 3,034,269		
<b>Reason for the reservation</b>		Occurrence of significant errors in the underlying transactions (legality and regularity) found through ex-post controls. The multiannual materiality of the amount at risk for the Culture programme 2007-2013 is 11.50%. The errors concern mainly the difficulty for some beneficiaries to produce adequate justifying documents and the non-respect of some eligibility rules. The multiannual detected error rate is 9.18%.		
<b>Materiality criterion/criteria</b>		The materiality criterion in terms of the legality and regularity of underlying transactions of 2% of the ABB activity was breached.		
<b>Quantification of the impact (= actual exposure")</b>		The 2017 amount at risk is calculated for the Culture programme concerned by multiplying the value of the grants closed (i.e. balance payment+related cleared pre-financing) or relevant expenditure in 2017 for which a final payment was made in 2017 by the multiannual detected error rate and taking into account corrections on the audited population during 2017. It amounts to EUR 1.0 Mio (9.18% times EUR 11.5 Mio). The amount of total corrections made this year is 34,711 <sup>90</sup> euros corresponding to risk based audit recoveries on Culture projects relating to this programming period.		
<b>Impact on the assurance</b>		Although the materiality is above 2% for the legality and regularity of the financial transactions at stake under the Culture programme 2007-2013 resulting in this reservation, its effect on the overall declaration of assurance is limited given the weight (2.48%) of the amount at risk compared to the total budget execution in terms of payments related to the programming period 2007-2013 in 2017 within the Agency (EUR 1.0Mio / EUR 42.8Mio = 2.48%) or 0.17% compared to the total budget execution in terms of payments in 2017 within the Agency (EUR 1.0 Mio/EUR 635,9 Mio = 0.17%)		
<b>Responsibility for the weakness</b>		The errors occur at the level of final grant beneficiaries and the ex-ante controls within the Agency failed to sufficiently prevent, detect and correct erroneous payments.		
<b>Responsibility for the corrective action</b>		The Agency will, like in previous years for the LLP Programme, thoroughly analyse the errors found through the latest batches of audit reports and, if necessary, implement additional actions in the course of 2018 taking into account the cost-benefits of any possible corrective measures. However, the Agency believes that action plan set up for LLP reservation in 2011, but implemented through all programmes of the Agency should produce its full effect for projects committed in 2013 and after. In fact, the mandatory use of audit certificates by beneficiaries, together with the improved communication on financial obligations, should allow the 2% materiality threshold to be reached for these projects. However, the impact on the multi-annual error rates could not be visible yet, as these projects are not auditable before 2016, and because the amount of auditable/closed projects relating to the Culture 2007-2013 programme is very limited. Therefore, it is likely that the impact of the actions taken will only be visible following the audits for the new programming period.		

<sup>90</sup> Which is coherent with the figure of Future estimated corrections related to the 2007-2013 Culture that could be calculated based on the figures provided in page 65. (11.522.526\*0.36% = 41.481).

### Reservation 4 for the Youth in Action programme 2007-2013

N°	Title	Type (Financial or Reputational)	2017 amount at risk (in million euros)	ABB amount concerned in 2017 i.e. scope (in million euro)
1	Youth in Action 2007-2013	Financial	EUR 0,445 million euros	EUR 0,004 million
<b>DG/service</b>		EACEA		
<b>Title of the reservation, including its scope</b>		Materiality of the amount at risk resulting from the multi-annual residual error rates detected through ex-post audits in grant payments being above 2% of the programme budget for the Youth in Action 2007-2013		
<b>Domain</b>		Direct management – grants		
<b>ABB activity and amount affected (= "scope")</b>		Youth in Action (2007-2013) 15 02 53 Scope: € 4,283		
<b>Reason for the reservation</b>		Occurrence of significant errors in the underlying transactions (legality and regularity) found through ex-post controls. The multiannual materiality of the amount at risk for the Youth in Action 2007-2013 is 3.62%. The errors concern mainly the difficulty for some beneficiaries to produce adequate justifying documents and the non-respect of some eligibility rules. The multiannual detected error rate is 3.20%.		
<b>Materiality criterion/criteria</b>		The materiality criterion in terms of the legality and regularity of underlying transactions of 2% of the ABB activity was breached.		
<b>Quantification of the impact (= actual exposure")</b>		The 2017 amount at risk is calculated for the Youth programme concerned by multiplying the value of the grants closed (i.e. balance payment+related cleared pre-financing) or relevant expenditure in 2017 for which a final payment was made in 2017 by the multiannual detected error rate and taking into account corrections on the audited population during 2017. It amounts to EUR 0.014 Mio (3.2% times EUR 0.4 Mio). The amount of total corrections made this year is 9,870 <sup>91</sup> euros corresponding to the audit recoveries on Youth projects relating to 2007-2013 programming period.		
<b>Impact on the assurance</b>		Although the materiality is above 2% for the legality and regularity of the financial transactions at stake under the Culture programme 2007-2013 resulting in this reservation, its effect on the overall declaration of assurance is limited given the weight (0.01%) of the amount at risk compared to the total budget execution in terms of payments related to the programming period 2007-2013 in 2017 within the Agency (EUR 0.004 Mio / EUR 42.8Mio = 0.01%) or 0.001% compared to the total budget execution in terms of payments in 2017 within the Agency (EUR 0.004 Mio/EUR 635,9 Mio = 0.001%)		
<b>Responsibility for the weakness</b>		The errors occur at the level of final grant beneficiaries and the ex-ante controls within the Agency failed to sufficiently prevent, detect and correct erroneous payments.		
<b>Responsibility for the corrective action</b>		The Agency considers that there are no corrective actions to take anymore, as the programme is phased-out (EUR 4.283 paid in 2017).		

<sup>91</sup> Which is above the figure of Future estimated corrections related to the 2007-2013 Youth in Action programme that could be calculated with the figures mentioned in page 65. (376.577\*0.36% =1.355) As already mentioned, the Agency considers that this programme is finalised.



## 2.2 Other organisational management dimensions

### 2.2.1 Human resource management

The Agency is operating close to full capacity (436 occupied posts out of 466). The occupation rate on 31 December 2017 was 94%, which corresponds to 8 vacant temporary agent posts (of a total of 110 posts) and 22 vacant contract agent posts (of a total of 356 posts). Concerning the vacancy rate, which is one point above the target of 5%, the Agency was confronted with constraints out of its control, which made it difficult to recruit staff as initially planned. Among the contract agents vacant posts, 8 were corresponding to profiles (communication, legal, IT) for which the Agency had no reserve list and EPSO had not organised any CAST since 2007. Regarding the remaining profiles (Project Advisers, Project/finance Officers and secretaries), the existing reserve lists set up in early 2016 through the pilot Permanent CAST were rapidly exhausted (recruitment in the Agency, most remaining candidates recruited in the meantime in other Agencies or institutions), thus making it impossible to rapidly fill up the vacant posts. Staff turnover for the year was at 4.3 %: 20 staff members left the Agency while 14 new members were recruited. As occurred in the past, success in EU competitions is one of the reasons for the departure of contract agents (2). Others left for other institutions (7) or the private sector (3), 3 retired and 5 seconded officials returned to the Commission. Within the first half of the year, internal mobility concerned 20 colleagues in total: 13 contract agents and 7 temporary agents. To ensure rapid recruitment, five selections panels, allowing establishing reserve lists and ultimately to fill vacant posts, were finalised towards the end of the year.

As far as female representation in middle management positions is concerned, the Agency can count on 4 women out of 14 positions in total, representing 29%, thus slightly below the set target of 33%. Had the EACEA recruited one woman on the vacant management post, the target would have been reached. However, it should be noted that the Agency does not master the whole process as the parent DGs are "chef de file" in appointing Heads of Unit.

A comprehensive HR strategy document was presented to the Management at the end of May 2017 and at the Steering Committee in July 2017. This was a first step towards the implementation of an HR strategic management framework. The HR strategy is meant to be a living document to be adapted and fed over the years in the light of lessons learnt and responding to new requirements.

A new report covering the main HR indicators was presented to the Senior Management in August 2017 for comments and approval. On this basis, a regular submission of HR data, as appropriate, to the Agency management will be implemented from the beginning of 2018 and run on a quarterly basis.

IAS performed an audit on HR in 2017. The draft report received end of December 2017 contains 6 observations (3 are categorised as very important and 3 as important) and relating recommendations. The IAS acknowledges that the Agency has already launched specific actions during the course of the audit fieldwork in order to promptly address the issues identified. To reinforce compliance and coherence, several actions were already started in light of the preliminary audit findings and some additional ones are in the pipeline. The action plan will be an occasion to prioritise actions and ensure consistency with less recent documents or strategies. Relevant procedures will be updated to take into account the ongoing reviews.

To ensure optimal resources allocation also in view of being capable to respond effectively to any request that the parent DGs may have, a fully revised methodology for the workload indicators was designed and tested and will be implemented as of 2018. The methodologies for the calculation of the overheads were also revised and improved. In line with the Agency consolidated policy, internal mobility has been encouraged via publication of posts to re-balance the units' workload. In addition, a first mobility

exercise based on the interest of the staff concerned to develop further their skills and knowledge and not exclusively on available vacancies strictly speaking, has been organised to accommodate the mobility wishes of AST staff. As regards the elaboration of a methodology for horizontal functions, currently the Agency mainly benchmarks horizontal activities using the annual screening exercise produced by DG HR at corporate level.

In addition, the Agency has launched a series of initiatives to address the issues of internal mobility and the results of the Staff Satisfaction Survey. In November 2017 a Staff day focused on staff engagement, mobility and knowledge sharing was held. In addition, a pilot project regarding the mobility exercise for TAs – AST has been launched.

A successful pilot project on job shadowing, aiming at fostering the knowledge sharing culture of the Agency, facilitating mobility and increasing staff motivation, was run in the beginning of the year and will be extended to other Executive Agencies and the parent DGs in 2018 given the success of the initiative.

In follow-up to the 2016 Staff Satisfaction survey, an action plan to further nourish staff engagement was outlined. The flagship action, also meant to trigger an Agency-wide reflection on fulfilling people potential and professional development, was represented by the EACEA staff day held in November 2017.

For extended information, please see Annex 2.

### **2.2.2 Better regulation**

No applicable

### **2.2.3 Information management aspects**

Document management continues to be carried out in conformity with the Commission e-Domec policy. Staff is regularly informed about updates and new releases. The Agency attaches a great importance to the Commission Strategy on Data, Information and Knowledge Management while using, sharing and disseminating the information. As a reply to the IAS recommendation<sup>92</sup> and in view to improve the information retrieval, reuse and delivery, DMO team in collaboration with IT team, will elaborate and put in place the Guidelines with requirements for storing grant management documents in IT systems used by the Agency. Following its adoption knowledge-sharing activities will take place.

Increased efforts towards rationalising and simplifying document management materialised in particular in the successful finalisation of the electronic archiving of files (this included preparing, scanning, and uploading all files).

Furthermore, the move of the remaining physical archives from the previous premises to the new ones represented another achievement of 2017. This task was finalised successfully and physical archives are still to be organised in conformity with e-Domec rules.

For extended information, please see Annex 2.

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<sup>92</sup> See section 2.1

## 2.2.4 External communication activities

Through targeted communication and a range of outreach activities for stakeholders, the Agency solidified its position as a central contact point between the European Union and the citizenship by granting high visibility to Commission Services and a human face to the EU institutions. By providing a platform for its work on cross-sectorial grants and the high profile Erasmus+ programme, external communications hereby represents a valuable tool in contributing to the positive image of the European Union, making EU programmes and their underlying policy objectives accessible to clients and feed into the wider communication activities of our parent DGs.

Working closely with DG COMM and DG EAC, the Agency continually improves its external website, which is now one of the most visited sites on Europa (7<sup>th</sup> place in visits), a platform to aid beneficiaries and clients, and a flagship for ensuring the visibility of its managed programmes and funding opportunities.

Similarly, the Agency continues its effort in public outreach, by hosting regular public events, which in 2017 included 12 info days, 4 conferences, 11 online info sessions and several kick-off and cluster meetings. These designated events are complemented by the hosting of group visits, of which the Agency executed 360 for the reporting period (increase of 80% compared to 2016), indicating a lively interested in the work of the Agency and its managed programmes. The proximity between the Agency and the citizenry is further underlined by the 110 written requests for information, which the Agency handled in 2017 and through which EACEA solidifies its image as "accessible" and "citizen friendly", which were amongst the most frequently used words for describing the Agency in a comprehensive client survey. The Agency also produced publications, such as project compendia, a publication on the Creative Europe Networks, EU Aid Volunteers brochures and some articles (e.g. Europe for Citizens' Future of Europe article).

For extended information, please see Annex 2.