

2016

Annual Activity Report

**Education,
Audiovisual and
Culture Executive
Agency**

Foreword

2016 saw the tenth anniversary our Agency and a formal event was held in the first semester to reflect on our achievements and the challenges ahead. An introduction by Commissioner Navracsics was followed by a lively discussion between the Director-Generals of the parent DGs and a retrospective by the Agency's staff. In addition, some MEPs of the CULT Committee visited the Agency on 9 November with Commissioner Navracsics. This visit provided a good opportunity to present the support the Agency gives to beneficiaries during the project implementation.

We have now completed the third year of the 2014-2020 EU programmes delegated to our Agency, with calls published, selections completed and contracts launched in good time. Good results again reflect an ever-increasing demand from citizens and organisations for EU funding, with a corresponding increase in the number of unsuccessful applicants challenging our funding decisions. In this respect, the Agency has introduced an internal appeals process whereby applicants can bring to the attention of the Director cases in which they feel they have been subjected to an administrative error. This has helped to increase the coherence, quality and transparency of our decisions, in accordance with the principles of good administration.

The overall performance of the Agency was again reflected positively in the results of the 3rd external evaluation by the contractor PPMI; it confirms that the Agency is a strong partner for the Commission and that it is cost effective. It also confirms that the applicants and beneficiaries of programmes managed by the EACEA were satisfied with the Agency's performance during various stages of the project life-cycle. The satisfaction level was generally maintained or improved upon when compared to previous evaluation periods. Overall, the mandate of the EACEA remains highly relevant to the needs of the Commission and the Agency's applicants/beneficiaries in the remaining part of the programming period (from 2015 to 2020). The adoption of an Action Plan to implement the recommendations was agreed by the Steering Committee on 24 February 2017.

With programme implementation now stable and actions in place to continuously monitor, analyse and improve our performance, the attention of the Management team has turned towards increasing our feedback and policy support for the Commission. Management seminars, collection of good practice, analysis of what we already do as well as proposed additional activities are being used to develop a strategic approach for implementation in 2017.

The move of the Agency was partly completed by the end of 2016 and ran successfully within the set time-frame. The preparation of the second part of the move is closely followed-up beginning of 2017.

In March 2016 Brussels witnessed terrorist attacks which severely affected EACEA staff. Despite a highly difficult context, the Agency effectively managed the crisis, ensuring business continuity and effective communication – both internal and external.

Finally, our mandate was extended to include the Pan-Africa programme and the management of European Development Funds (EDF) through Erasmus+, together with the structured dialogue action for Sport. The general Grant Management Procedures were adopted for the Agency, followed by the specific procedures for the various programmes. Moreover, a Knowledge Management strategy was developed to foster knowledge sharing across units and between programmes.

Table of Contents

THE AGENCY IN BRIEF	5
EXECUTIVE SUMMARY	6
A) IMPLEMENTATION OF THE EACEA'S ANNUAL WORK PROGRAMME - HIGHLIGHTS OF THE YEAR	6
B) KEY PERFORMANCE INDICATORS (KPIs)	7
C) KEY CONCLUSIONS ON FINANCIAL MANAGEMENT AND INTERNAL CONTROL (EXECUTIVE SUMMARY OF SECTION 2.1)	10
D) INFORMATION TO THE COMMISSIONERS	10
1. IMPLEMENTATION OF THE EACEA'S ANNUAL WORK PROGRAMME	11
1.1 ERASMUS+	11
1.1.1 EDUCATION AND TRAINING	12
1.1.2 YOUTH	17
1.1.3 JEAN MONNET ACTIVITIES	18
1.1.4 SPORT	21
1.2 CREATIVE EUROPE	22
1.2.1 MEDIA SUB-PROGRAMME	22
1.2.2 CULTURE SUB-PROGRAMME	25
1.2.3 CROSS SECTORAL STRAND	26
1.3 EUROPE FOR CITIZENS	27
1.4 EU AID VOLUNTEERS	30
1.5 INTRA-AFRICA ACADEMIC MOBILITY SCHEME	32
2. ORGANISATIONAL MANAGEMENT AND INTERNAL CONTROL	34
2.1 FINANCIAL MANAGEMENT AND INTERNAL CONTROL	34
2.1.1 CONTROL RESULTS	34
2.1.2 AUDIT OBSERVATIONS AND RECOMMENDATIONS	53
2.1.3 ASSESSMENT OF THE EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEMS	56
2.1.4 CONCLUSIONS AS REGARDS ASSURANCE	57
2.1.5 DECLARATION OF ASSURANCE AND RESERVATIONS	58
DECLARATION OF ASSURANCE	59
2.2 OTHER ORGANISATIONAL MANAGEMENT DIMENSIONS	63
2.2.1 HUMAN RESOURCE MANAGEMENT	63
2.2.2 BETTER REGULATION	66
2.2.3 INFORMATION MANAGEMENT ASPECTS	66
2.2.4 EXTERNAL COMMUNICATION ACTIVITIES	67

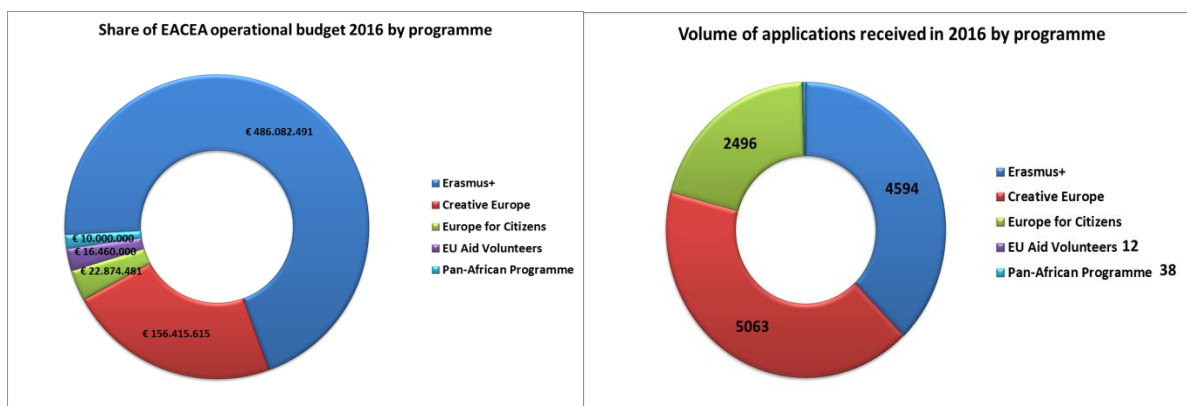
THE AGENCY IN BRIEF

Our 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.

The role of the Agency is to manage European funding opportunities and networks in the EU programmes Erasmus+, Creative Europe, Europe for Citizens and EU Aid Volunteers. In addition, the Agency managed for the first time the Mobility Scheme of the Pan-African Programme. The tasks executed by the Agency are carried out in conformity with both the delegating Decision¹ and the legal bases of these programmes.

The delegation act was amended on 01/02/2016 (C(2016)401). It adds the Pan-Africa Programme (Intra-Africa Mobility Scheme) and allows the management of the credits under the 11th EDF, which feed some actions under the Erasmus+ programme (Joint Master Degrees and Capacity Building). This amendment adds three posts to the Agency staffing (1 AC and 2 AC R0). The Delegation act was subsequently amended on 31/03/2016 for the delegation of additional activities under Erasmus+ Sport, with no associated resources. In addition, the Agency's organisational chart was slightly revised to adapt the name of 1 unit.

The Agency has a duty to ensure financial transparency, efficiency and a high quality service to applicants and beneficiaries in full co-operation and transparency with parent DGs.



¹ 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.

This mission statement was produced in 2014 through an exercise involving all staff at the Agency.

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 constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties².

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

Implementation of programmes

During 2016, the Agency implemented the delegated programmes in line with its Work Programme. The Agency received approximately 12,200 applications for calls with deadlines in 2016, comparable with the figures for last year, and approximately 4,100 applications were selected which is slightly fewer than the rate last year (4,500 applications). The success rate varied from one programme to another but in general, the level of demand exceeds by far the available credits. The Agency published 29 new calls for proposals and organised five Infodays. The Agency put in place innovations (e.g. use of the ConnexMe networking tool at the Sport Infoday and extension of the use of the participatory leadership approach to external events) and feedback from participants was extremely positive. The reinforced monitoring strategies reached 30% of the on-going projects, providing opportunity to offer advice, resolve potential contractual misunderstandings and identify best practices and star projects. More than half of these projects were monitored either on remote or in Brussels. At the end of the life cycle, the vast majority of payments were completed in the set deadlines. 5% of our stakeholders contested the final grant calculation, however analysis shows that in only 2% of cases was the grant calculation modified.

The Agency continued to streamline and harmonise its processes: clarifications on the means of redress were included in the notification letters to applicants for funding; an internal review system was put in place and staff were trained on legal remedies. The results show that around 1% of applicants appealed against the selection decision. In 99.9% of cases, the initial decision was upheld after analysis of the appeal. The improved use of IT development is of importance in cases where the time to award is limited: the majority of the applications were received online and e-forms have now been developed for all delegated programmes. In addition, following the success of pilot actions on electronic reporting, e-reports are gradually being developed for all possible actions. With a view to further improve the communication with stakeholders (beneficiaries and also experts), the Agency has made increased use of collaborative tools (NING, Yammer, Connected etc.). The general grant management procedures of the Agency were adopted, followed by the specific procedures for each programme.

The 3rd interim evaluation confirmed the high quality of the Agency's management of programmes: *'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 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 was results-orientated and engaged in continuous learning and improvement of its efficiency.'*³

² Article 17(1) of the Treaty on European Union.

³ Final report (PPMI)

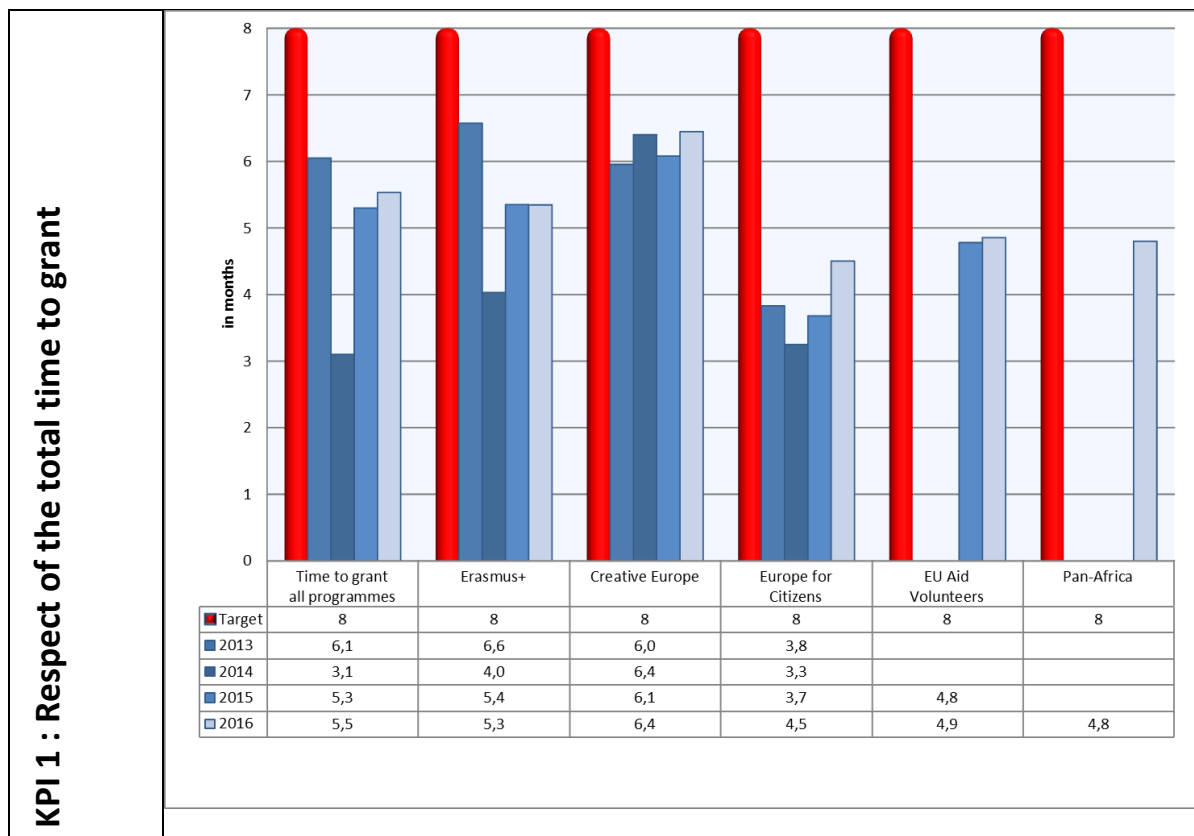
Supporting the Commission on the policy aspects

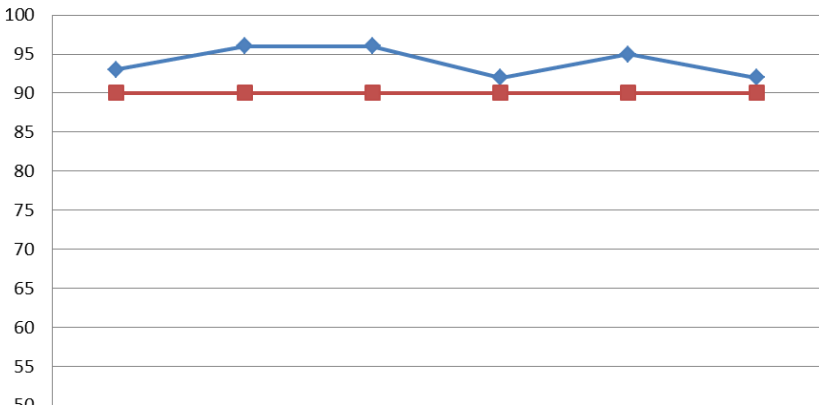
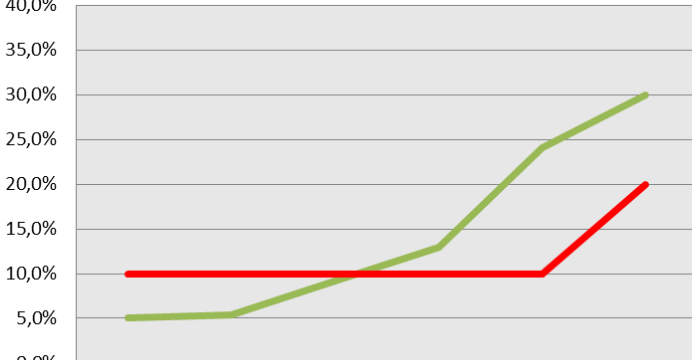

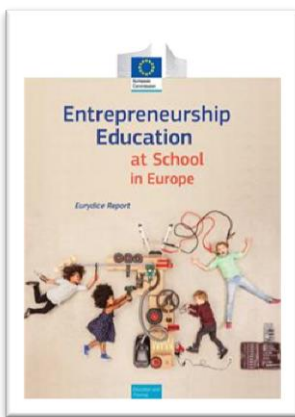
Reinforcing feedback and policy support to the Commission was also a priority in 2016. Notably, the continuous collaboration between the Eurydice National units, DG EAC and the Agency, allowed the adoption on 21 June 2016 of the integrated Work Programme 2017 – 2018, covering both Youth and Education. A leaflet on the follow-up to the Paris Declaration was produced in less than three months. At programme level, regular communication with parents DGs ensured a continuous feedback on outputs and outcomes.

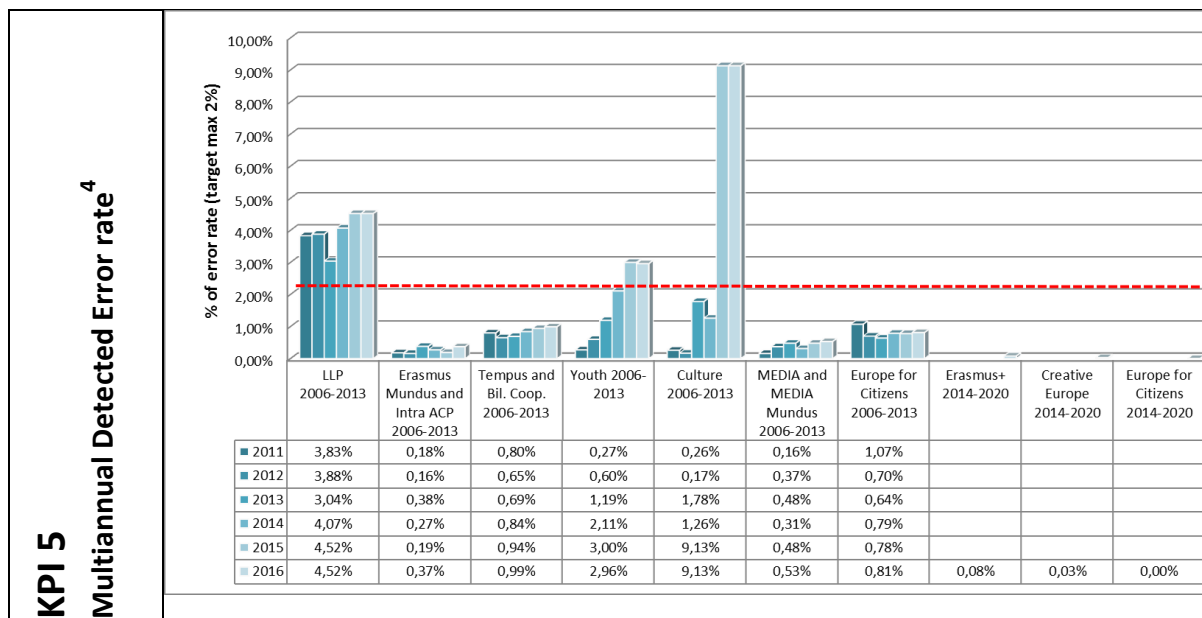
Bearing in mind that Executive Agencies were set up with the objective of gathering, analysing and transmitting to the Commission all the information needed to guide the implementation of a Community programme, there is a desire to improve upon the policy feedback that the Agency provides to the parent DGs by reinforcing the monitoring of funded projects in order to better analyse and report on the impact of the actions in relation to their intended policy objectives. This was the main topic addressed by the senior management of the Agency during management seminars held in 2016. The process involved also internal reflection within individual operational units. The various practices were compiled in the document 'Reinforcing EACEA's policy support to the parent DGs', summarising the efforts made by all units to identify what they are currently doing and what more they could do to support the Commission in policy making. Following these two steps, early insights on how the Agency can reinforce its feedback to the Commission have been identified and recommendations on specific field suggested (e.g. training, knowledge exchange, communication and dissemination). This process will continue in 2017 where concrete actions will be proposed and discussed with parent DGs before its implementation.

This proved a valuable exercise in terms of knowledge sharing and peer-learning between different units; discussions revealed that many activities being carried out by certain units were inspiring other units and could be replicated.

b) Key Performance Indicators (KPIs)



KPI 2: Payments are completed in line with the set deadlines	 <table border="1" data-bbox="375 548 1324 638"> <thead> <tr> <th></th> <th>2011</th> <th>2012</th> <th>2013</th> <th>2014</th> <th>2015</th> <th>2016</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> </tr> <tr> <td>— target</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	— % of payments	93	96	96	92	95	92	— target	90	90	90	90	90	90
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KPI 3 Maximise the success of the projects by ensuring support and timely monitoring	 <table border="1" data-bbox="375 1041 1300 1142"> <thead> <tr> <th></th> <th>2011</th> <th>2012</th> <th>2013</th> <th>2014</th> <th>2015</th> <th>2016</th> </tr> </thead> <tbody> <tr> <td>— % of open-projects monitored</td> <td>5,1%</td> <td>5,4%</td> <td>9,2%</td> <td>13,0%</td> <td>24,1%</td> <td>30,0%</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> </tr> </tbody> </table>		2011	2012	2013	2014	2015	2016	— % of open-projects monitored	5,1%	5,4%	9,2%	13,0%	24,1%	30,0%	— target	10,0%	10,0%	10,0%	10,0%	10,0%	20,0%
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KPI 4 Successful implementation of the integrated WP in the fields of Education (Eurydice) and Youth (Youth Wiki),	<p>The integrated Work Programme in the fields of Education (Eurydice) and Youth (Youth Wiki) was successfully implemented, with minor changes on the Education side (the data collection on education budgets was replaced by a report on infrastructures of evidence-based policy making). To answer to urgent policy requests from DG EAC, EACEA developed in addition a leaflet on the Paris Declaration and a questionnaire on the existence of education-relevant administrative data on immigrants and asylum seekers/refugees in EU Member States.</p> <div style="display: flex; justify-content: space-around;">   </div>																					



- KPI 1 (Respect of the total time to grant beneficiaries as laid down in the Financial Regulation) is stable in comparison to the past two years, with an average of 5.6 months for the five programmes managed by the Agency. The Europe for Citizens programme is the quickest programme at 4.5 months, while Creative Europe took on average 6.4 months. The Agency is still well below the requirements of the Financial Regulation (max. nine months) and its own target (max. eight months). For detailed information by action see Annex 12.
- KPI 2 (Payments completed in line with the set deadlines) indicates a satisfactory situation beyond the target set by the Financial Regulation. This indicator remained stable over the past years.
- 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 30% of the on-going projects being monitored. The increased use of online monitoring (video conferences, online conferences) and the clustering of missions enabled the Agency to reach more stakeholders with reduced associated costs.
- For KPI 4, the Work Programme in the fields of Education (Eurydice) and Youth (Youth Wiki) was successfully implemented. The Agency demonstrated its capacity to adapt to arising priorities: a leaflet on the Paris Declaration and a questionnaire on the existence of education-relevant administrative data on immigrants and asylum seekers/refugees in EU Member States were produced in addition to the foreseen activities.
- For KPI 5 (Residual error rate), three programmes from the programme generation 2007-13 are above the 2% threshold; namely LLP, Youth and Culture. The three reservations included in the AAR 2015 are maintained in 2016. This is also the first year that error rates are issued for the programme generation 2014-2020 and while the sample rates are still relatively low, the results are encouraging (close to 0%). There will be no general reservation by the Director in the AAR 2016.

⁴ For the programming period 2007-2013

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

In accordance with the governance statement 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 standards, based on international good practice, aimed to ensure the achievement of policy and operational objectives. The financial regulation requires that the organisational structure and the internal control systems used for the implementation of the budget are set up in accordance with these standards. EACEA has assessed the internal control systems during the reporting year and has concluded that the internal control standards are implemented and function as intended. Please refer to AAR section 2.1 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, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Executive Director, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance albeit qualified by a reservation concerning the Lifelong Learning programme (2007-2013), a reservation on the Culture programme (2007-2013) and a reservation on the Youth in Action programme (2007-2013)

d) Information to the Commissioners

In the regular meetings held during the year between the Director and the parent DGs on management matters, the main elements of this report and of the 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, Vice-President Andrus Ansip, responsible for Digital Economy and Society and Commissioner Christos Stylianides, responsible for Humanitarian Aid and Crisis Management.

1. IMPLEMENTATION OF THE EACEA'S ANNUAL WORK PROGRAMME

1.1 Erasmus+

As in previous years, it is the Erasmus+ projects, their applicants and other stakeholders in the fields of education, training, youth and sport who have remained at the centre of the Agency's 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 participate in five Information days organised in Brussels – dedicated events organised to promote some of the Erasmus+ calls for proposals managed by the Agency. In addition, for the international part of E+, the Agency participated in a number of 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. Besides promoting the calls, the events served as an opportunity to 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 webinars (three organised by the Agency and four co-organised with DG EAC) and targeted communication (e.g.: Information news-mail to EU Delegations). The Agency also actively participated in 214 information and promotional activities organised by the Commission or other stakeholders. The transparency and clarity in terms of how we manage the E+ grants has been at the core of these activities. Further 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 2016 attracted almost 4,000⁵ applications across education, training, youth and sport sectors, with an overall success rate of 29%. The selection process often involved the assistance of external evaluators. To improve efficiency the expert briefings and evaluations were mostly organised remotely using various ICT tools.

The Agency listened to the feedback received from applicants, external experts, beneficiaries and the Erasmus+ National Agencies, and sought to act upon this. Several simplifications were made to the call guidelines, selection process and/or the grant implementation modalities (Capacity Building actions, Sector Skills Alliances, Sport, Erasmus Mundus, etc.). As a result, there has been an increase in the number of applications, particularly in those actions for which the level of submissions remained below expectations in the past (e.g.: Sector Skills Alliances, Capacity Building Higher Education, Erasmus Mundus). By the end of the year the Agency had signed 1,616 grant agreements and grant decisions.

To capitalise on the knowledge and experience generated by the Erasmus+ and legacy projects⁶, and to extend monitoring beyond the individual results and impact to a more systematic recording of achievements, the Agency organised four 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

⁵ excluding applications for designated bodies, FPA renewals and Erasmus Charter for Higher Education certification

⁶ Projects funded by the legacy programmes: Lifelong learning programme, Erasmus Mundus, Tempus, Youth in Action.

(e.g. HE projects in a specific partner country). The overall project monitoring activities increased compared to 2015 (+ 14%) whereby economies of scale were achieved i.e. the number of projects monitored with no direct cost associated (monitoring on remote in Brussels or at the Agency increased by 36%). In addition to the evaluation of progress and final reports, the agency supported its beneficiaries through 11 meetings of project coordinators, online briefings on Invitation and 727 monitoring visits.

1.1.1 Education and Training

A. Contribution to the key specific objectives of the Programme

In a decisive shift to provide more focussed policy feedback support to DG EAC, and to some extent DG EMPL, the Agency has set the focus of its project monitoring activities on impact evaluation in addition to the validation of project results presented in the context of interim and final reports. It is to be noted that a significant part of the reports received in the first semester of 2016 still relate to projects funded under the previous generation of programmes in the fields of education, training and youth. The Agency processed 939 interim and final reports and launched two surveys looking at the results and potential policy impact of these 'legacy' projects. In the context of the DG EAC strategy for Dissemination and Exploitation of programme results, the Agency staff carried out seven selections of Erasmus+ good practice (projects) and participated in the selection of E+ success stories which was coordinated by DG EAC.

Forward looking projects represent a bottom up trigger towards the modernisation of education and training systems from a lifelong and digital perspective. The *Successful Transition from secondary to higher education using Learning Analytics (STELA)* project is aspiring to use learning analytics to help students better understand how they learn and how they can improve their learning. It will help students to use the data available to them when making choices in their transition from secondary school to higher education institutions. The project will develop, test and assess a learning analytics approach that focuses on providing formative and summative feedback to students in this transitional process. Dashboards for students, student counsellors and teachers will be developed which will provide vast amounts of organised information which can then be used for improved counselling and teaching practices. Details about the project are available at <http://www.tmailproject.eu>

With the objective of bringing the world of academia closer to business and the industry, the project establishing a Knowledge Alliance in the textile and clothing industry (TECLO⁷) is an example of a project that wishes to develop and improve the managerial skills of a new generation of managers in the industry. The project is based on analysis and identification needs by higher education institutions and respective industry partners. It fosters stronger synergies between innovation, skills and jobs. The project will result in the development of MOOC and facilitate better anticipation of the industry's needs.



The programme also supports a range of activities implemented by the National Coordinators of the European Agenda for Adult Learning, which support basic skills acquisition. The project of the French national coordination office addresses the national problem of insufficient basic skills (reading, writing, arithmetic) amongst the adult population. Only half of this population is employed. Illiteracy restricts access to further qualifications, re-employment or adaptability to changes in companies. The project has developed e-learning training modules for career advisers to allow them to become better equipped to guide and support adults who have few or no qualifications. The modules are available to the public online at: www.anlci-elearning.com

⁷ <http://teclo.eu/>

The ABDEM project is an example of how the Erasmus+ programme succeeds in supporting the European Union's external actions, by targeting capacity-building in partner countries and cooperation between European Union and partner country institutions. It is based on a vision of higher education as an engine for human, economic, and social development in the Maghreb region. Through a series of activities the project has supported the integration of a human rights based approach into university studies in the fields of law, social work, journalism and educational sciences. These activities included assessing the way human rights are applied in Maghreb universities, the training of human rights trainers, and developing inter-university and interdisciplinary human rights master courses. The project has helped to promote intercultural values, as well as values of equity and inclusion across the Maghreb region.

B. Contribution to Education and Youth Policy

The Agency carried out analysis and produced reports which provide an overview of where Member States stand regarding a number of policies deemed desirable at EU level:

Education

Reports are based on information provided by the EURYDICE network, which consists of 43 national units in 38 countries.

- Report on Entrepreneurship Education at School in Europe. This report provides recent information on strategies, curricula and learning outcomes, and also covers themes such as funding schemes and teacher education. After its well-attended launch, the report was presented at major events.
- Leaflet on Promoting citizenship and the common values of freedom, tolerance and non-discrimination through education – Overview of education policy developments in Europe following the Paris Declaration of 17 March 2015.
- Report on Structural Indicators for Monitoring education and Training Systems in Europe – 2016. This report contains more than 30 structural indicators that focus on country progress and key policy developments in five areas: early childhood education and care, achievement in basic skills, early leaving from education and training, higher education and graduate employability. It provides background and complementary information to the European Commission's Education and Training Monitor 2016.

In cooperation with the OECD, the Agency also published the annual update of 'Recommended Annual Instruction Time in Full-time Compulsory Education in Europe 2015/16'. 7 other annual Facts and Figures publications were updated.

The Agency developed in cooperation with CEDEFOP a common online platform (higher education and VET) featuring dynamic maps that allow the user to understand at glance the policy environment for learning mobility in Europe. This website was launched at the European Business Forum on Vocational Training, which gathered over 500 stakeholders. The Agency published simultaneously the Higher Education Background Report: the Mobility Scoreboard.

The Agency published eight 'Focus on' articles and three Eurydice Newsletters,.

Youth

In line with the Erasmus+ objective to support the development of knowledge and evidence-based youth policy through better use of EU transparency and the dissemination of good practices, and in line with the 2016 Commission work programme targeting youth policy issues, the Agency has made significant progress on the implementation of the Youth Wiki tool on youth policies in Europe.

Three meetings of the network of Youth Wiki National Correspondents took place and resulted in the revision and completion of the first five chapters of the tool. Moreover, an external expert evaluation of the first two completed chapters has been launched and the Guide to Contents of the last four chapters was also completed. Three new countries (Luxembourg, Spain and Hungary) joined the network in April.

C. Implementation of the Work programmes

WP 2016

As in previous years, the core of the 2016 education and training activities involved formulating calls for proposals and tenders, managing selections and project monitoring, and providing policy support to the Commission (from preparation of conferences and events to surveys and publications). The calls and the selected projects promote activities related to the learning mobility of individuals (KA1), cooperation for innovation and the exchange of good practices (KA2) and capacity building in higher education (KA3).

The Agency published 10 open calls and issued 14 invitations to submit a grant application with a work programme for activities in a pre-defined domain or field. Invitations were addressed to specific institutions designated by national authorities to implement a very concrete set of actions, and to beneficiaries under the Framework Partnership Agreement implementing a long term project. The EQAVET network, aiming at developing a European quality assurance in vocational education and training, was granted for the first time. A joint invitation to apply for a grant was successfully implemented to support Euroguidance, Europass and the European Qualifications Framework, enhancing synergies and economies of scales among the Policy Networks. For each of the published calls and invitations, information packages were published on the Agency's website including guides for applicants, the e-form application guide and lists of FAQs.

The concept for the new call on social inclusion through education, training and youth was revised to connect the action with the priorities of the Paris Declaration of 17 March 2015 and the publication was thus slightly postponed to early 2016. To ensure effective outreach the call was swiftly promoted to a wide range of organisations active in the sectors concerned and a dedicated Information Day saw the involvement of some 150 participants from 17 countries. As a result, the Agency received a high number of good quality applications and was able to select the best 35 projects across the education, training and youth sectors.

To support the Commission initiatives addressing the refugee crisis, actions extending the Erasmus+ Online Linguistic Support (OLS) to refugees were swiftly implemented to offer additional support to the efforts of EU Member States. The OLS platform for refugees was launched in June and by the end of the year was supporting the language training of 3,000 refugees. The platform supports the integration of refugees into Europe's education and training systems by ensuring the improvement and development of their linguistic skills. The website link to the platform is: <http://erasmusplusols.eu/OLS4Refugees/>

Extensive work was also carried out in terms of external communication on the subject of OLS, dedicated to all participants in Erasmus+ long term mobility activities in higher education, vocational education, training and youth. Following the feedback from the OLS stakeholders the Agency prepared and launched negotiations with the service provider in order to introduce a number of modifications and improvements to the OLS tools and services. Consequently, an amendment procedure for two OLS service contracts was launched.

The Knowledge Alliances action continued to be highly popular, with 188 applications from 56 countries involving over 2,000 organisations. Although the overall quality of projects improved, due partly to the higher quality requirements for Knowledge Alliances partnerships and by focusing on the added value to the world of academia and business, the budget allowed funding for only 20 projects. In spite of this low success rate, and also thanks to the high quality of the expert evaluations, the Agency received only two formal requests for review of the decision, which were addressed in a timely manner and in compliance with the respective internal procedures.

The simplifications of the Sector Skills Alliances (SSA) action have contributed to a 57% increase in the number of applications compared to last year. However, and despite the positive turn, the number of ineligible applications remained very high (almost 29%). This had a direct impact on the selection result, where only 15 proposals achieved satisfactory quality levels. As a consequence, the SSA budget could not be absorbed. The Agency reviewed the format of the call with a view to further streamlining and restructuring it in order to improve its quality and accessibility for the target audience. Following a close collaboration with DG EAC and DG EMPL, the format of the SSA call for 2017 was revised.

The call selection for the Support for SMEs engaging in apprenticeships was successfully concluded, attracting a significantly higher number of project proposals compared to last year and taking into account the specific priorities.

The call on policy experimentations aims to support evidence-informed policy-making by testing theoretical models in real life situations and assessing the potential for promising measures to be scaled up. Out of the submitted 35 applications sent by the national authorities of the Member states, 10 projects from 9 different countries were selected with an overall budget of over EUR 12 M. All the priorities of the call are covered, with the most applications selected under the theme linked with social inclusion 'Promoting fundamental values through Education and Training addressing diversity in the learning environment' and under the theme 'Strengthening teacher training and education by using the opportunities of new technologies'.

A comparable positive trend was observed in the Erasmus Mundus Joint Master Degrees action. The number of applications increased by 21% compared to last year, also thanks to the promotional activities carried out to disseminate information on the call for proposals. However, this increase did not fully match the expectations. Furthermore, despite the fact that 74% of applicants applied for targeted regional scholarships (representing a 20% increase from 2015), the consumption of the Heading 4 EDF budget remained suboptimal. To tackle this issue, additional simplification measures (besides the intensification of the promotion campaign) have been proposed for 2017. These include: replacement of the current two-step evaluation with a single-step procedure; revision of the award criteria text to increase coherence; simplification of the heading 4/EDF application/evaluation procedure, increase of the ceiling for additional scholarships from 12 to 24. The Erasmus Mundus Master Courses (60) and Erasmus Mundus Joint Doctorates (18) also applied for their annual scholarship/fellowships grants in the context of the Framework Partnership Agreements. The validation process was carried out internally.

Response to the Capacity Building in Higher Education (CBHE) action in 2016 increased by 43% compared to last year, due in part to the inclusion of the ACP region. Applications came from 135 countries, covering all world regions. A substantial increase in demand was notable for the Western Balkans, the Eastern Partnership and Asia (respective increases of 64%, 39% and 105%). While the budgets are small, there were also gratifying increases in the number of applications from Iran, Iraq, Yemen and South Africa. 147 new projects were selected. Despite of the delayed PIC validations the Agency finalised the contracting process on time by 31 December 2016.

The Agency successfully concluded and monitored several service contracts including Central Support Services for E-Twinning and EPAL. By the end of 2016, the EPAL platform attracted more than 20.000 registered users active in adult learning. Following the Invitation for EPAL National Support Services (NSS), an application from Serbia was received for the first time. On the downside, however, three countries (Greece, Liechtenstein and Macedonia) decided not to apply for funding in 2016.

The Agency continued to group monitoring visits, combining informative and promotional business trips with project monitoring, and increasing the presence of online project monitoring for a better and more cost-efficient use of its resources. Project monitoring was carried out on the basis of the strategies developed for the various education and training related sectors and actions. Alongside the onsite monitoring visits and project coordinators conferences, the Agency organised several remote monitoring activities such as live streaming conferences with active chat fora and webinars. It also organised or co-organised meetings of the various policy networks and contributed to DG EAC's training of National Agencies. The 25 on-site and remote training sessions for NAs delivered in relation to OLS were particularly appreciated. In close cooperation with DG EAC, the Agency also provided a training seminar for National Erasmus+ Offices in partner countries.



Most of the newly selected projects across the programme were invited to kick-off meetings hosted by the Agency. The individual project monitoring is progressively shifting from legacy projects to new Erasmus+ projects. The Agency also launched surveys, particularly in the field of international higher education, looking at the results and impact of projects funded under the previous generation of programmes. The results of project monitoring were communicated to beneficiaries by means of feedback letters including progress assessment as well as recommendations for further improvements (if applicable). For high risk projects, clear action plans continue to be developed to ensure that the project objectives are achieved. The feedback received by beneficiaries displayed overall satisfaction with – and appreciation of – the Agency's monitoring activities. The outcomes from project monitoring are shared with DG EAC, DG EMPL, DG DEVCO and other stakeholders including EU Delegations and Erasmus+ National Agencies.

WP 2017

In close collaboration with DG EAC, the Agency revised the respective parts of the Erasmus+ Programme Guide, drafted and published revised versions of Erasmus+ specific calls. For each of the published calls for proposals / tenders or invitations sent, information packages were published on the Agency website.

The implementation modality for the EM Joint Master Degrees (EMJMDs) action was simplified by the replacement of the current two-step evaluation with a single-step procedure. Despite the fact that 74% of EMJMD applicants (a 20% increase compared to 2015) applied for targeted regional scholarships, the consumption of the Heading 4 EDF budget remained suboptimal. To tackle this issue, the assessment methodology and the application procedure for Heading 4/EDF scholarships were simplified. Also, the overall number of Heading 4/EDF scholarships available was increased.

Given the increased budget and complexity of the Sector Skills Alliances (SSA) call, i.e.: new LOT 3 worth of additional 24 M Euro, and following close consultation process with DG EMPL, DG EAC, it was decided to publish the SSA call outside the E+ Programme Guide (i.e. General Erasmus+ call).

1.1.2 Youth

A. Contribution to the key specific objectives of the Programme

The call for proposals capacity building continues to attract numerous organizations active in the field of Youth (129 selected out of 671 applications in 2016). In total, 1.100 organisations around the world participate in the selected projects either as coordinator or as partner in 2016. The projects will concern around 10.500 individual participants (young people and youth workers) among whom around 3.900 young people with fewer opportunities. As an illustration, *Include Me* is a project tackling the problem of early school leaving and proposes non-formal education methods for improving key competences and skills of disadvantaged young people in Western Balkan countries. It has been coordinated by Undruzenje Gradana Libero, Belgrade and engaged partner organisations from Portugal, Serbia, Montenegro, Bosnia and Herzegovina, Slovenia and Kosovo. The partnership developed and tested an innovative training scheme for youth workers, using non-formal learning methods for preventing early school leaving of under-achieving youth. Experiential learning, on-line learning and out-door methods are a sample of the training components used. The training concept was tested /implemented in each partner country and the results will be collected to finalise a non-formal education guide and an online training kit (in 5 languages).

B. Implementation of the Work programmes

WP 2016

Selections for Capacity Building in the field of Youth (CBY), Large Scale European Voluntary Service (EVS), Civil Society Cooperation (CSC) and Structured Dialogue – Youth, were completed according to plan. In total 885 grant applications were reviewed and 277 youth projects were funded (including those responding to restricted invitations). Similarly to the education and training activities, the evaluation process was carried out with the support of external experts and the experts' briefings and the work on individual assessments were carried out remotely. The overall quality of the applications was good. Following the application evaluation process a survey was completed by the experts who rated their experience as good or excellent.

2016 was also the first year in which the Agency used multi-beneficiary grant agreements for Capacity building projects in the field of youth. Given the sometimes volatile nature of the beneficiary organisations (non-profit youth and civic NGOs based in partner countries) and large partnerships, the Personal Identification Code (PIC) validation process became considerably more complicated, necessitating a multiplication of legal entity⁸ validations which significantly lengthened the time required for legal and financial commitments. The monitoring was carried out in line with the 2016 strategy. The project monitoring visits served to provide direct support where needed, while also offering an opportunity for the Agency to learn about the project's achievements so far.

Concerning the Youth service contracts, the Agency organised two kick-off meetings for the open tenders (Study on Youth Work and Youth entrepreneurship; Study on Youth Work Quality Systems and Frameworks in the European Union). The meetings allowed the Agency to agree the work plans and review the contract details with the service providers. The evaluation of projects' progress and final reports was carried out internally by Agency's project officers and in line with set roadmaps.

⁸ PIC : Participant Identifier Code

WP 2017

The Agency has worked with DG EAC to further improve the implementation modality of the Erasmus + Youth Structured Dialogue action by gradually aligning the duration of the grant agreements with the political cycle of the European cooperation in the youth field (i.e. 2 years). From 2017 onwards, the financial/contractual situation of projects will be aligned with the annual political priorities in the youth field. The contracts with the designated institutions who are responsible for implementing the structured dialogue agenda on a national level will thus cover a period of two years (compared to annual contracts in the past). The change will also allow better continuity of actions on a national level. The change will also enable the Agency to gain efficiencies and re-deploy the freed resources elsewhere.

In 2017, the capacity building action will incorporate two new geographical windows – the Eastern Partnership window and the Tunisia window. The funding for these new activities comes from DG NEAR - EU4Youth initiative and EMORI. The Agency has collaborated closely with DG EAC to prepare the calls. In order to promote the new windows, a number of targeted promotional and informative initiatives were prepared and/or organised. Notably, the Agency participated in the 16th meeting of Eastern Partnership Platform 4. It was a unique opportunity to meet national ministries of Youth, who are key actors to promote the action to possible CBY applicants. The Agency provided information on the new opportunities and to give advice on the application process. Moreover web-streamed information sessions were organised for the Tunisia, Eastern partnership and Western Balkan Windows, and several info-days were organised by the Agency in these groups of countries.

Another novelty for 2017 is the introduction of a single deadline (1 selection round) for the capacity building in the field of Youth projects instead of two as in 2015. The change is expected to trigger an increase in the number of new applicants, as well as in the number of selected projects (instead of having the same organisations applying twice, and for some, being selected twice in one year). Operating a single selection instead of two (for the same output), will allow the Agency to dedicate more time to the preparation of the call (i.e. the quality of the information provided to potential applicants) and will open more opportunities for improved project monitoring throughout the year.

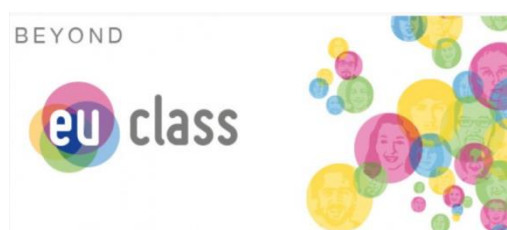
1.1.3 Jean Monnet activities

A. Contribution to the key specific objectives of the Programme

Jean Monnet activities are directed towards enhancing studies on European integration through different action types, a teaching Module or a Chair (Professor) promoting European studies in universities all over the world. The Jean Monnet action also encourages participation of the broader public and supports outreach to teacher training providers and civil society organisations. The project *'Fostering deeper Europeanization of Moldova'*⁹ sought to bring the EU trade policy closer to the relevant Moldavian stakeholders. Through a range of activities, it guided young people from rural areas to get involved in public policy dialogue addressing the aspirations of Moldova's integration into the EU. One of the main results was a platform for dialogue between academics and policy makers on both regional and local levels. It involves practitioners and thinkers in the fields of academia, secondary education and vocational training, professional groups and governmental bodies. The project, coordinated by Asociatia de Studi Etnice si Regionale – Chisinau, put into place an efficient dissemination strategy, which included a well-designed website sharing information material, publications and videos, and available in three languages (EN, MO, RU).



⁹ <http://ema-project.md/>



*The Beyond EUClass project*¹⁰ is an example that demonstrates the need to promote European integration also inside the EU. This Italian project, managed by ENAC Ente Nazionale Canossiano in Verona, aimed to improve the European dimension in Italian schools' teaching, and the students' and teachers' knowledge and affection towards the European Union. The project is ambitious about the number of students and teachers at secondary schools (general) and vocational training schools who are expected to directly benefit from the project. A teaching video, addressing different EU subjects and several didactic materials for teachers and students, has already been disseminated via the project website.

In terms of policy support, the Agency also contributed to the preparation of the high level Jean Monnet conference organised by DG EAC. The work delivered included the preparation of information documents and contribution to briefings for the EU Commissioner Tibor Navracsics. The conference was also an opportunity to meet Jean Monnet beneficiaries and discuss the progress of on-going projects. Jean Monnet Professors, student representatives, experts and DG EAC and EACEA colleagues had the opportunity to meet during a Jean Monnet Cluster Meeting organised by the Agency in April 2016. Despite the March terrorist attacks in Brussels, 52 participants joined the meeting and contributed to the discussions held under the topic 'A Union of shared values – the role of education and civil society'. The meeting stimulated reflections on how the Jean Monnet Activities could be improved. The participants discussed not only the nature of Jean Monnet Activities as such, but also their impact and the role of the Jean Monnet Community. The event resulted in concrete recommendations for the future development of the action. The report from the event was shared with stakeholders and published on the Agency website. The Agency continued to work in close collaboration with DG EAC and assisted the Commission colleagues on a number of occasions, e.g.: a Jean Monnet Activities webinar organised by DG EAC for Erasmus+ National Agencies (NAs) – the Agency was responsible for guiding the NAs through the application procedure and explaining the project assessment process against the award criteria.

B. Implementation of the Work programmes

WP 2016

A higher than expected number of applications were received – 1,034 in total, which represents a 17.6% increase compared to last year. The interest in Jean Monnet continues to rise, which is partially due to a structured dissemination and information strategy put in place in cooperation with DG EAC (Info-days, Info-sessions, video conferences and webinars with EU Delegations). The number of ineligible applications dropped to 1.9% in comparison to 3% from last year, which implies an improved clarity of the call. A positive trend has also been observed in terms of the improved overall quality of the submitted proposals – as was revealed in the evaluation process and also as confirmed by the external evaluators. The actions were implemented according to the work programme. An additional budget of EUR 4M was received from FPI for projects from specific countries and committed in the context of the call selection.

Regarding the different action types, the trend of the previous years has been confirmed: two thirds of applications received relate to the traditional Jean Monnet activities (Modules, Chairs, Centres of Excellence and Associations). Proposals linked to the new, broader, actions (Networks and Projects) – targeting new methodologies and spreading knowledge on European integration processes – were less represented. An increased interest at the selection stage for the Network activities since its introduction (50% increase) could be noticed. The geographical balance among the selected projects is largely comparable to previous years, i.e. the biggest country group being Italian beneficiaries, followed by Greek and Spanish. For the first time, the briefing with the external experts took place remotely in the course of two sessions over two days. The final consolidation panel took place in Brussels. The feedback received (online survey and the final panel discussions with experts) from both the experienced experts and those

¹⁰ <http://enac.org/beyond-euclass/>

new to the evaluation exercise in 2016 was very positive, and that this remote method represented a more efficient use of time. The selection was concluded in accordance with the plan.

The annual operating grants for Jean Monnet designated institutions¹¹ were treated on time, both for the new grants and the final report treatment. A meeting was organised in Brussels, in order to provide a platform for exchange of information on the progress of their activities and to collect feedback regarding changes introduced to the reporting process and templates. Monitoring visits were carried out to the Natolin campus of College of Europe (Poland) and the EUI in Florence.

WP 2017

The Agency has been actively engaged in preparatory work for the 2017 programming period and contributed to the revision of the Jean Monnet Activities call as described in the E+ Programme Guide. The lessons learnt from the 2015 selection were taken into account for the preparation of the call documents and 2017 selections. The activities for the 2017 work programme have been agreed with DG EAC.

¹¹ College of Europe, Bruges; College of Europe, Natolin; European University Institute - EUI, Florence; European Academy of Law - ERA, Trier; European Institute of Public Administrations - EIPA, Maastricht; Centre International pour la Coopération Européenne - CIFE, Nice; Eur. Agency for Special Needs and inclusive education, Odense

1.1.4 Sport

A. Contribution to the key specific objectives of the Programme

The promotion of voluntary activities in sport, together with social inclusion and equal opportunities issues was well addressed by several Erasmus+ Sport projects. An example that illustrates the type of activities funded by the programme is the project *The European Sport Inclusion Network (ESPIN) - Promoting Equal Opportunities of Migrants and Minorities through Volunteering in Sport*. Increased participation in sports and equal access to sport activities for all helps to fight social inequalities and exclusion. The project was coordinated by Fonds Wiener Institut für Internationalen Dialog und Zusammenarbeit (VIDC), Austria in close collaboration with organisations from Germany, Finland, Hungary, Ireland, Italy and Portugal. The strong European dimension adds value to the activities which aim to promote social inclusion and equal opportunities in organised sport through volunteering of migrants and minorities and capacity-building in sport organisations in the participating countries. Together the partners evaluated sport related social inclusion models and programmes across a range of EU member states and developed a Europe-wide quality mark scheme and a practical handbook on how to engage migrants and members of minorities in sport volunteering. The project results will be shared on the Erasmus+ project results platform (<http://sportinclusion.net/>).

B. Implementation of the Work programme

WP 2016

To promote the 2016 funding possibilities in the field of sport, the Agency organised the third Sport Info Day. As in previous years, the event attracted a lot of interest from various sports organisations across Europe. Almost 400 participants from 33 countries joined the event in Brussels. In addition, 4000 were following via web-streaming and on social media platforms. According to the participants' feedback, the event was regarded as very useful. The possibilities for partner finding and networking via the smartphone application were highly appreciated. Further promotion of the call opportunities took place during the EU Sport Forum, organised by DG EAC, where the Agency hosted an information stand as well as a working session.

The call, which included two submission deadlines (January and May) and the new sub action - Small Collaborative Partnerships, attracted 369 applications.

The Agency managed three Sport project selections (separate deadlines) related to Collaborative partnerships (Large and Small) and European Events, the European Week of Sport and the EU designated bodies in charge of the organisation of the European Week of Sport at national level. The services of external evaluators with expertise in the field of sport were used. The experts' briefing was organised in Brussels while the application assessment and consolidation processes were carried out remotely. The overall quality of projects improved compared to 2015.

A kick off meeting for newly selected beneficiaries (2015 selection) was organised in Brussels, gathering 39 project coordinators. The event was an opportunity for the Agency to provide guidance on sound project management and explain the essential financial rules tied to the grant. The Agency also supported DG EAC in the preparation for the 2016 European Week of Sport actions which took place in September in Brussels.

WP 2017

With the intention of simplifying the financing of Sport projects, the Agency drafted a proposal to introduce simplified grants for the Collaborative Partnerships actions under Erasmus+. This was approved and changes were incorporated into the 2017 call (Erasmus+ Programme Guide) published in autumn 2016. The simplified financing for Sport grants will contribute to an increased participation of grassroots sport organisations in the programme.

1.2 Creative Europe

The work programme 2016 has been implemented according to plan. The WP 2016 (C(2015) 5490 adopted on 5 August 2015 was further amended (C(2016) 1098) 26 February 2016. A new action 'Support for refugee integration projects' under the Cross Sectorial Strand was successfully managed by the Agency. 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 more than 5,000 applications. As a result of the selection process, more than 2,000 projects were selected (including FPA and Creative Desks) and beneficiaries signed their grant agreement/decision on average no later than 6 months after their submission of proposal. The internal procedure put in place to review selection decision confirmed the good management of selections: where approximately 1% of applicants requested a review, after thorough analysis of the requests, the initial decision was confirmed in the vast majority of cases (99.96%). Approximately 350 new or on-going projects were monitored in the course of 2016 either through clustered in-site missions or taking advantage of specific events (Cannes, Berlinale, book fairs).

EACEA assisted DG CNECT and DG EAC in the preparation of the Creative Europe Programme Committees. The Agency presented the results of the implementation of the Work Programme 2016 at the Committee meeting in January and contributed to the WP and prepared the Guidelines and Explanatory Notes for all the schemes of the 2017 WP, that were presented at the Programme Committee meeting in April. The adoption of the Work Programme 2017 was delayed and consequently some publication of the calls foreseen in September was further delayed.

Further progress was made on the IT front with the introduction of eReports in all high volume schemes contributing to the goal of going paperless and simplifying procedures for beneficiaries.

The mid-term review of Creative Europe was launched, and a study to update on the Lump Sum schemes for some MEDIA schemes has been carried out. For the first year the Agency disclosed the error rate for Creative Europe (0.03%). Even if the sample is limited, this preliminary result is a good sign.

1.2.1 MEDIA Sub-programme

A. Contribution to the key specific objectives of the Programme

Through various events, the Agency supported the Commission to give greater visibility to the Creative Europe programme. The first major event of the year, the European Film Market at the Berlinale 2016, took place in February. It was an opportunity for individual meetings (applicants and beneficiaries). In addition, the Agency contributed to the preparation of the European Film Forum event organised by DG CNECT. A number of best practice projects were provided. Commissioner Oettinger, Director General Viola and Director Abbamonte were present as well as the Agency Director Brian Holmes. In May, the Agency organises an umbrella stand at Cannes Film Market. Agency staff was present at the MEDIA stand, met stakeholders and beneficiaries in order to make the grant agreement's follow-up or to present the call's guidelines. A total of 370 meetings were held by the Agency's staff during the market. Some new elements were also organised on the MEDIA Stand of the Film Market in collaboration with the mirror unit of DG CNECT. 45 minute showcases on audiovisual industry topics took place on the stand every morning and afternoon dedicated to the future support of the Creative Europe-MEDIA programme and focused on the achievements of the programme's beneficiaries. The Commissioner Oettinger and vice-president of the Commission Andrus Ansip were present at the MEDIA Stand.

A series of European Film Forum events took place culminating in the 25th Anniversary event of MEDIA in Brussels in December. Significant progress was also made on the Level Playing Field with the Creative Europe Committee, the mid-term review of Creative Europe (combined with the final review of Culture, MEDIA 2007 & MEDIA Mundus) was launched and an updating study on the three Lump Sum schemes (Cinema Selective, Development Single & Festivals) carried out.

The long term running of MEDIA demonstrates its European added value when an idea is turned into a success story. The Icelandic company Sögn EHF received Development funding from MEDIA 2007 for the TV series "Trapped". After



two year of successful script and financing development which had attracted the involvement of 6 European broadcasters (Iceland, Sweden, Norway, Finland, Denmark, France and Germany), the series was ready to go into production. An application to the TV Programming scheme in 2015 was successful. The quality project and an excellent distribution strategy resulted in a EUR 500K award. The series was released between December 2015 and February 2016 in several countries and sold in many additional territories including US and UK. In Iceland, the first episodes reached a record audience close to 90% of the market share. In France, the series was broadcasted on prime time on the first public broadcaster (France 2) and it was the first Nordic series broadcasted with such good visibility conditions on this channel. The audiences reach 5M viewers (18.5%) of the market share for the first episodes and an average of 3.8M viewers. 1.2M people watched the series via the Catch-Up TV which constitutes a record for the channel. In the UK, were the series was broadcasted on Saturday prime time on BBC, the audience was in average 1.2M viewers. Compared to usual absence of European non-national programs on the main European broadcasters, the success of "Trapped" had an important impact on the overall perception of European TV series. The success of "Trapped" will be followed by a second season and has led to the development of other Icelandic TV series. The Agency successfully managed to select innovative projects in the audiovisual sector, tackling political priorities on innovation. As an illustration, in 2016 two training programmes dedicated to Virtual Reality have been selected. *The Biennale College - Hybrid's programme* aims to explore the aesthetic and narrative opportunities offered by this new form Hybrid provides filmmakers and creative professionals with the skills to prepare them to fully engage with 360° interactive immersive future. Following the same path, *the VR ACCELERATOR* will be the first training for media professionals and technologists to mutually learn, experience, share and collaborate in Europe. It will be clearly based on interdisciplinary and on different innovative training methods such as agile development, design thinking, rapid prototyping and hands-on workshops.

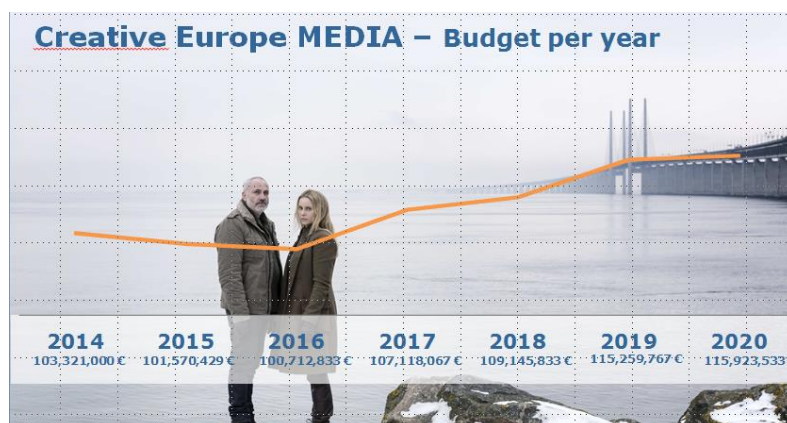
B. Implementation of the Work programmes

Work programme 2016

The 2016 Work Programme was carried out as foreseen and there were some minor additions in the form of projects selected from reserve lists in a few schemes. The eForms were generally used for all the selections.

In budgetary terms 2016 marked the nadir of the Creative Europe MEDIA resources for the lifetime of

the sub-programme, while the demand for funding was unabated. New countries continue to join the programme with projects from Georgia & Serbia being selected for the first time. On the other hand, Turkey left Creative Europe because of issues in the Culture sub-programme. Overall in 2016, the Agency made 1,596 commitments and 3,424 payment transactions for the MEDIA sub-programme. Almost 4,000 applications were evaluated and approximately half of them were selected.



306 companies from 32 territories declared 59 Mio admissions for the distribution of around 1,000 European non-national films. 53% of these films have been supported by the Creative Europe distribution schemes in 2014, 2015 and 2016. Out of the 306 applicant companies 34 submitted an application for the first time under the Automatic scheme. The 5 films that generated most admissions are originating from FR and UK. The most successful film is the British animation 'Shaun the sheep' with 4.7 Mio admissions.

For the first time the new countries (fully and partly participating to the MEDIA) have been appropriately represented in the applications received under some support schemes. Projects from Georgia, Moldova, Macedonia, Serbia and Turkey were selected under the schemes where these countries are eligible.

2016 was a good year for a number of MEDIA supported films. It got off to a bright start with Saul Fia (Hungary) following up its Cannes Grand Prix & Golden Globe the year before with the Oscar in February 2016. The documentary Amy was also an Oscar winner and later in the year I Daniel Blake from UK veteran Ken Loach won the Palme D'Or. The CE MEDIA Cinema schemes made a substantial contribution to the circulation of these works during the period with support being directed to over 420 films.



Significant changes were made to the new Online Distribution and Audience Development schemes leading to the development and publication of two revised schemes entitled Promotion of European works online and Film Education at the end of the period.

The monitoring of the visibility of EU support will be strengthened. Visibility is a contractual obligation, however, the clear sanction of 20% reduction and the TV Programming visibility clause are new provisions and only applicable as from 2016. Therefore to date, there has been no recovery resulting from non-compliance with this obligation. These new obligations will be highlighted to the beneficiary at the time of the signature of the agreement

Work programme 2017

At the end of 2016 only one call from the 2017 WP remained to be published (Sales Agent scheme). The Agency actively participated in the revision process of the WP 2017 with DG CNECT. Revisions, discussions and focus groups were held and the Commission produced a discussion document on the 2017 Work Programme changes which was discussed in January with the Programme Committee. After further discussions the Agency produced draft Guidelines for all schemes, each accompanied by an explanatory note detailing the changes to individual schemes and the projected impact. The Agency also drafted the terms of reference for the necessary study examining and revising the three Lump Sum schemes to be executed by DG CNECT. Some changes proposed for the 2017 WP are important, like the reorganisation and partial integration of the Audience Development and Online Distribution calls or the inclusion of support to short films in the Slate Funding support. This process involves considerable modelling by the Agency's staff and detailed exchanges with the Commission. These documents were share with the Committee by the Commission.

The increase range of activities and innovative nature of the schemes in Creative Europe MEDIA has given rise to an increased volatility in the demand for credits, especially payment credits. Over or under supply remains a risk. To mitigate the volatility flexible pre-financing rates will be introduced in some schemes.

1.2.2 Culture Sub-programme

A. Contribution to the key specific objectives of the Programme

Within the Agency, a sector-specific re-organisation was implemented to encourage a more comprehensive and strategic follow-up of projects across all schemes and better feedback at policy level. The Agency continued to provide project information to the Commission throughout the year in order to show how the programme underpins the policy priorities. The Agency also provided information for the composition of a significant sample of success stories within the context of DG EAC's dissemination strategy, used for briefings and other communication purposes. It also co-organised with the Commission a first showcase conference of on-going and completed projects in November. The experience, approach and outcomes will be reviewed with a view to making this type of initiative a regular feature within the programme. Finally, the Agency also developed tools (a yammer community, promotional brochure and joint Commission/agency/beneficiaries seminars) to give more visibility to the activities implemented by the 23 networks currently under the Framework Partnership Agreement (FPA) which are strategic partners for the programme.

The monitoring activities helped to detect projects that support the capacity of the European cultural and creative sectors to operate transnationally and internationally. The monitoring mission to European Festival Association 's training workshop for production managers (in Antwerp) was a good example of hands-on capacity building activities through which professionals (and agency staff) have a better understanding of the concrete challenges of implementing coproduction at European level. Innovation and creativity remains at the centre of the programme: the selected projects shall build upon transnational policy cooperation in order to foster policy development, innovation, creativity, audience building and new business models. As an example, the Agency took part of the ECSA¹²'s General Assembly. The strong participation and involvement of ECSA's members, as well as their deep understanding of the very complex issues related to the EU regulatory framework on copyright, indicates strength of EU Network and its possible area of influence. Meetings with two selected platform (Emerging Creativity (Slovenia) and literary Europe Live (Wales)) were good opportunities to better understand how platform projects were developing activities to enlarge the audience in the difficult field of poetry and literature. The aims of *platforms* –a new scheme introduced under Creative Europe- are to promote the transnational circulation of cultural and creative works as well as to reach new and enlarged audiences and improve access to cultural and creative works in the Union and beyond.

B. Implementation of the Work programmes

Work programme 2016

This year again, the level of response to the calls under the Culture sub-programme was more than satisfactory. With the given budgetary envelop 105 new projects have been funded and 37 FPA were renewed. The success rate (excluding FPA) stays at a low level for cooperation projects (13%) and literary translation project (17%). Besides the management of the two regular 2 calls in 2016 and the delay by a month of the award decision on Cooperation projects, the Agency has achieved budget execution. The selection rate of the Support to Literary translation projects has significantly decreased proportionally to the budget cut (-30% compared to 2015). Selected projects are less concentrated in the recurrent countries however the selection rates of bigger countries have decreased further. The EUPL¹³ automatic points remain a concern for many potential applicants as it significantly influences the selection. It is one of the factors that explain the higher number of appeals against selection decision (4%) in the Culture sub programme compared to the MEDIA (1%). Nevertheless, following the review procedure, the Agency confirmed its initial decision in the vast majority of the cases.

¹² European Composer and songwriter alliance – a network financed by Creative Europe

¹³ European Union Prize for Literature

The content and structure of the kick-off meeting for new projects was reviewed in the hope of making the plenary sessions more engaging for participants. Feedback suggests that the changes were greatly appreciated by the beneficiaries and by the Commission. The meeting provided a combination of practical information and messages concerning the political context. Representatives of the networks and platforms held specific meetings but they also joined cooperation projects in thematic workshops - illustrating the unit's approach to increasingly foster synergies between projects regardless of the scheme (network, cooperation or platform) they are funded under. As such, the event has become a first class networking experience, an eye-opener for many new project promoters and an indispensable awareness-raising instrument.

Work programme 2017

The Agency has been involved in the preparation of the 2017 WP and its later revision. The 2017 calls were drafted by the Agency, in collaboration with the Commission. Most of the calls were published in 2016. Nevertheless, the late adoption of the Work Programme implied the postponement of several deadlines (Support to Cooperation Projects, support to platforms). Wherever possible, the Agency will aim to keep the original timing for awarding the projects.

For the cooperation projects, the possibility to present cultural projects aiming to support the integration of refugees has been made more visible. The last network call (FPA – 4 years) was published and the guidelines have been slightly revised. The deadline for this call was on 25 November 2016 and 66 applications have been received including 62 online applications.

1.2.3 Cross Sectoral Strand

A. Contribution to the key specific objectives of the Programme

The Agency in collaboration with DG EAC encouraged knowledge sharing with the Creative Europe Desks. The Agency worked intensively with the Creative Europe Desks on exchanging best practices, supporting them to collaborate with one another, help cultural operators to find partners in other countries etc. The everyday exchanges on NING collaborative platform as well as the regular meetings with the CE Desks have proven to be good models of knowledge sharing and exchange.

Following the feedback of European Parliament's CULT-Committee early July where several points were raised based on the Creative Desks' input, the Agency elaborated a survey to investigate the nature of the issues. Communication aspects between Desks and Agency as well as readability and accessibility of the calls were the main conclusions of the survey. Results and recommendations were presented to the Desk meeting in October.

The successful management of the call supporting refugees' integration demonstrate the response of the Agency to the adequate reply of the Commission to emerging needs. It particularly illustrates the role that Culture can play in solving societal challenges and fostering social inclusion.

B. Implementation of the Work programmes

Work programme 2016

The number of planned interventions for the Creative Europe Desks was 40; 39 projects have been committed. Due to the low value of the entry ticket of Ukraine, which joined the programme in 2016, there was no co-funding in that year but they financed a desk only via national resources . The award of the second year of the FPA of the Creative Europe Desks was signed on 10 February 2016. Besides the regular management of the Creative Desks, the Agency had to launch a special call, that sought to support projects related to the integration of refugees and migrants. It was a challenging task due to the high level of demand for a limited budget (initially EUR 2.2Mio) giving an exceptionally low success rate (5%). However measures were put in place throughout the selection to manage the expectations of applicants, and hopefully limit the number of appeals, a strategy which was broadly successful.

Work programme 2017

The invitation to submit a proposal for the year 2017 was posted on 23 September 2016 with a deadline 01 of December 2016.

1.3 Europe for Citizens

2016 was the third year of the implementation of the new programme Europe for Citizens 2014-2020, and could be deemed the year in which the programme has reached maturity and entered into its stride, whilst the previous programme cycle (2007-2013) is reaching its end. The implementation of the multiannual thematic priorities, as well as a reduction of credits to fund the WP 2016, made 2016 challenging. Nevertheless the selection and contracting processes took place in accordance with the Work Programme and, as a result, nearly 2,500 applications were received, of which around 400 were selected for a total amount of around EUR 22.7 Mio.

A. Contribution to the key specific objectives of the Programme

The implementation of multiannual thematic priorities aligned with those of the Commission was a novelty for 2016. Judging from the projects submitted and selected for funding, the partners have understood and assimilated these new programme priorities well: the volume of applications for Civil Society Projects increased by 25% compared to 2015 and the quality level generally improved. A significant number of these projects (more than 50%) focused on migration and social inclusion issues and solidarity in times of crisis. This can be interpreted as a commitment by local and regional authorities and grassroots organisations to the themes highlighted in the priorities. It is also proof that the priorities respond to the main concerns of citizens today. This is apparent in applications for the Remembrance strand, mainly focussing on how ostracism and the loss of citizenship under totalitarian regimes enables us to draw lessons that are relevant today (39%), and on commemorating historical turning points in recent European history.

2016 is also the year in which we the European Parliament started a first review of the implementation of the programme. The interim report from the European Parliament on the programme implementation will be adopted in March 2017; however the debates in the CULT, BUDG and AFCO Committees have already demonstrated strong parliamentary support, illustrated by the European Parliament's proposal to increase the programme budget for 2017 (this was eventually not taken up in the budgetary trilogue). The Agency contributes actively to discussions on the programme at Parliament level, thanks to the positive collaboration with the Commission services (DG HOME). For instance the Agency participated in the CULT committee session of 5 September that launched the work on the implementation report. This was an opportunity for the Agency to share its views on the results of the surveys commissioned by the European Parliament, which showed a general satisfaction with the programme management whilst identifying room for improvement, notably with regard to better defining the role of National Contact Points.

Vis-à-vis Member States, the Agency contributes to the *Europe for Citizens* Programme development through active participation in programme committees; in 2016 the presence of the EACEA Director presented at this Committee the results of the programme implementation and his proposal for further developments.

The Europe for Citizens programme plays a key role at local and regional level by funding projects which foster European citizenship and work with migrants. The Network of Towns project '*Reactivating European citizenship: a network of inclusive towns*' (Anci Abruzzo, Italy) aims to build a network of local authorities and NGOs from different EU countries in order to develop shared approaches on the integration of migrants and to combat all forms of stigmatization. It supports the goals of the new European Agenda on Migration. The project will gather good practices of integration and intercultural dialogue carried out by the local administrations, in order to promote a more accurate perception of third-country nationals by EU citizens, including through the educational system. Comparing different national realities, the partners and the stakeholders involved will draft a handbook about the modalities to combat ethnic stigmatisation, prevent racism and to promote mutual understanding between natives and immigrants. At EU level, eight transnational events will be organised through which topics such as strategies for ethnic stigma reduction and promotion of intercultural dialogue will be analysed and

debated by policy makers and citizens. This project is a good example of implementing the new multiannual priorities 2016-2020 of the programme. Moreover, in order to evaluate the response of municipalities and regions to the programme multiannual priorities, a specific analysis of local and regional responses to the migration crisis was carried out (to be published in 2017).

The added value created by EU funding which enables the development of synergies and cross-cooperation across the continent is also illustrated by the project *Balkan refugee trail – a pathway for European solidarity* (B-Trail) (Interkulturelles Zentrum, AT). The project's objective is to push forward democratic participation at EU level. It clearly demonstrates an EU added value as it seeks to propose concrete solutions at EU level. The project promoters believe that community action in the field of migration – whether in small communities or in large cities – has huge potential to address the democratic challenges facing Europe today. Concretely, the project brings together civil society organisations from seven countries, mainly located on the 'Balkan route' of migrants to contrast and compare their practices, share lessons learnt, explore recent history and find ways for an efficient, coordinated action to actively participate in the shaping of democracy at EU level. At a more theoretical level, the project aims to promote the idea of solidarity as a tool for dealing with future challenges in Europe.

B. Implementation of the Work programmes

Work programme 2016

The *Europe for Citizens* programme has now been running for three years within the multiannual financial framework 2014-2020. More than EUR 60 Mio have been awarded since 2014, supporting the projects of more than 1,000 direct beneficiary organisations across all Member States, and involving roughly 7,000 organisations across our continent. For detailed results, see Annex 2.

As in previous years, in 2016 the Agency has continued to ensure that programme implementation is carried out fully in line with the Work Programme endorsed by EU Member State delegates in the management committee. In order to implement the European Citizens' Initiative (ECI), credits have been reduced. Beyond this cut, there is no major deviation in relation to the 2016 Work Programme, except that 29 (of the potential 33) National Contact Points (PECs) have applied for support. The unused PECs credits were strategically allocated to the strand with the lowest success rate – civil society – thus making it possible to fund an additional two projects from the reserve list. In addition to the projects' implementation, the network of the PECs was extended: Portugal designated a Contact Point in 2016 and contacts with national authorities in Luxembourg were established in order to ensure an official designation.

Some key figures concerning the implementation of the programme (the average time to take the award decision is less than three months; when payment credits are available, pre-financing payments are made within eight days, and final payments are generally made within thirty days) show short operational timeframes. Indeed for *Europe for Citizens* beneficiaries, who are small organisations or local authorities, cash flow is essential. Performance in the area of programme management is reflected in the execution rates (100% for commitments and payments), but also in the very short time taken to complete the contracting process, as well as in the very low rate of appeals against the grant decisions (despite a high number of projects). The simplification of the contracting phase has facilitated a high rate of commitment credits.

The data shows an overall decrease of around 10% in submitted applications compared to last year. This is mainly due to the Town Twinning action that experienced a marked decrease in applications coming from HU (209 applications fewer in 2016 than 2015; in other words, 70% of the Town Twinning decrease is due to HU). The silver lining of this particular decline is a better geographical distribution of applications across Member States. IT, HU, SK, PL and DE were collectively responsible for around 50% of all applications received. Organisations established in all Member States, except LU (who

submitted no applications) are represented within those granted. HU, IT, SK and DE are the countries with the highest number of applications selected.

The success rate of the programme remains relatively low (e.g. European Remembrance: 8%; Civil Society projects: 4.6%). Indeed, 2016 has also shown that the budget allocated to the programme does not match the enthusiasm which it has garnered. With regard to the commitment credits, the relatively low success rate – even very low for certain programme actions – reflects the fact that a significant number of good projects are not able to receive funding due to a lack of credits. Concerning payment credits, the efficiency of the budget execution is such that it has necessitated an additional EUR 2,5 Mio in global transfers (i.e. roughly 10% of the initial credits). This is notably thanks to the introduction of the lump sums and flat rate systems. This pressure on the payment credits results in late payments at the end of the year and does not allow the rate of pre-financing to increase – a recurring demand from programme beneficiaries, many of whom have a small cash-flow.

Work programme 2017

Due to the late adoption of the 2017 *Europe for Citizens* Work Programme (early December), the restricted call for proposal for renewing the 36 organisations' beneficiaries of operating grants was only launched at the beginning of December. All applications were received by the established deadline.

The Programme Guide was updated slightly –in agreement with DG HOME– in order to include the 2017 political priority for the European Solidarity Corps.

1.4 EU Aid Volunteers

In the second year of implementation all strands of the programme reached the full implementation stage. The Agency has 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. In the project selection process, the Agency was assisted by external evaluators with expertise in the field of disaster risk reduction and humanitarian aid; expert briefings and the assessment process were carried out online. The feedback received from evaluators revealed overall levels of satisfaction.

The Agency supervised the rollout of the EUAV insurance scheme, which is being provided by the organisation CIGNA, and ensured that the EUAV training platform was launched online by the training consortium led by ICF International, and the first volunteer training courses took place end of 2016.

A. Contribution to the key specific objectives of the Programme

One of the first projects supporting people and communities at risk of disasters to be financed by the Initiative this year is a project entitled *EUAID Volunteers ACTing against disaster risks* coordinated by Stichting Interkerkelijke Organisatie Voorontwikkelingssamenwerking (ICCO) in the Netherlands. In a partnership of 25 EU and non-EU organisations, the project aspires to contribute to a more effective EU humanitarian response, with regard to disaster risk reduction (DRR) and resilience in Ethiopia, Uganda, Nepal, Bangladesh and Cambodia. The consortium will deploy 38 European volunteers (in groups) and engage 60 online volunteers to strengthen the technical and leadership capacity of 48 local humanitarian organisations. The action will help improve the skills of 310 local NGO staff and will contribute to improving the resilience of an estimated 300,000 community members. The volunteers will benefit from internal links and support to learn whilst in the field in order to enhance the impact of their deployment. Three higher education institutions are associated with the project to systematically foster that learning.

B. Implementation of the Work programmes

Work Programme 2016

The certification call launched in 2014 will remain open for requests for EUAV certification until 2020. In 2016, 62 new organisations (10 sending and 52 hosting organisations) were certified. In order to improve the accessibility of the call, the French and Spanish language versions of the certification documentation for hosting organisations (full and simplified procedures) have been produced and published on the Agency website. These languages were chosen according to the countries in which deployments take place. Despite the intensified efforts to promote and engage a satisfactory number of applications for the deployment action, the call did not generate enough applications. Four deployment projects were selected, which is 50% of the work programme estimation. The first volunteers were deployed in Senegal, Haiti and Lebanon at the end of the year. The deployments will last between 1 and 18 months. Similarly to the Deployment action, the calls for Technical Assistance and Capacity Building have not generated satisfactory demand and largely due to the limited number of applications only 50% of the work programme target was met. Finally, the EUAV training programme and training courses for candidate EU Aid Volunteers were launched in 2016 through a tender managed by the Agency. The courses represent the 'engine' transforming candidate volunteers into operational volunteers. The training programme is delivered through a combined learning approach based on online learning, as part of a preparatory learning phase, and face to face classroom modules, consisting of compulsory and optional modules, plus simulation exercises. The first 97 candidate volunteers were trained

between October and December 2016. The training is provided by "ICF International" consortium.

The Agency organised kick-off meetings which took place with the training consortium for EU Aid Volunteers Training as well as the EU Aid Volunteers' insurance provider. Both events were very useful for establishing good collaboration with the service providers and for ensuring timely implementation of all measures, particularly those related to the deployment of volunteers.

Work Programme 2017

The risks related to the continued slow take-up of the Initiative have been addressed during joint meetings with DG ECHO and taken into consideration when preparing the 2017 programming and preparation of calls.

1.5 Intra-Africa Academic Mobility Scheme

The Intra-Africa Academic Scheme aims to increase 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. 2016 was the first year of the programme implementation and the targeted information campaign proved vital to the selection process.

A. Contribution to the key specific objectives of the Programme

The 'Intra-ACP Mobility Survey 2014', which was launched in 2015 and aimed to track the implementation of the programme through the scholarship holder's perspective, gathered feedback from almost 50% of recipients. Analysis of the feedback was carried out and the results were summarised and published in September 2016.

Building on the success of its first edition ARISE, funded under the Intra-ACP Academic Mobility Scheme in 2012, *the Africa Regional International Staff/Student Exchange: Food Security and Sustainable Human Wellbeing (ARISE II)* project is one of the first projects to be selected within the Intra-Africa Academic Mobility Scheme to enhance student and staff mobility and collaborative research in the areas of Agriculture/Food Security and Health Sciences. It demonstrated the added value of the programme and the necessity of continuity for this initiative. The thematic fields of the project have been chosen because they are critical priority areas of national development across the African continent at large. It is coordinated by the University of Cape Town in South Africa and involves higher education institutions from three different African regions (East Africa, West Africa, Southern Africa), as well as a technical partner from the European Union. While the ARISE project is yet to see a significant amount of graduates, there is already evidence of institutional co-operation between the partner universities through joint research projects, publications and research seminars. This experience will be capitalised under ARISE II to continue to foster institutional co-operation.

B. Implementation of the Work programmes

Work Programme 2016

The first call was drafted with the close collaboration of EACEA, DG DEVCO, the African Union Commission and DG EAC, and it was published according to plan. The lessons learnt from the implementation of the former Intra-ACP Mobility scheme were well integrated into the design of the new action. An extensive information campaign to promote the call was carried out, particularly for the African Universities and EU Delegations in Africa. The call was also promoted to the National Erasmus+ Offices' representatives of the Northern African countries during the annual NEOs meeting in Brussels. Information sessions were organised by the Agency in Africa (Maputo, Mozambique; Addis Ababa, Ethiopia; Dakar, Senegal) and a specific information day addressing the embassies of all African countries was also organised in Brussels. The information campaign and detailed planning of all the events was prepared in cooperation with, and with the full support of EU Delegations in Africa and the African Union Commission (Ethiopia).

The call has generated relatively high interest, i.e. 53 applications – although only 38 were submitted by the deadline. Taking into consideration the previous mobility scheme, the number of applications received is the highest so far and implies growing interest for the student mobility education scheme in Africa. External experts from Europe and Africa were engaged in the evaluation process, which was carried out at the Agency. As this was the first evaluation process for the Intra-Africa mobility scheme, the direct contact with evaluators was important for ensuring quality and coherence of individual assessments. The results of the evaluation process were discussed and unanimous agreement was reached on seven proposals selected, with good regional coverage and a balance of experienced and new-comer institutions. The selection process and

consequent contract completion was completed according to plan.

The kick-off meeting, organised by the Agency for the seven selected projects, brought together 50 participants (16 Africa and 5 EU) and provided them with information on project management, promotion, recognition of academic results and other relevant topics. The event created a forum for networking, exchange of experience and sharing of good practice, which was well appreciated by the participants in their feedback.

Monitoring visits of the legacy projects from the Intra-Africa action took place back-to-back with the promotional activities of the new Intra-Africa call. A risk-based approach was applied for selecting projects to be monitored on-site. The visits proved to be highly effective and allowed beneficiaries to better understand the operational and financial conditions tied to the grant. The beneficiaries particularly appreciated the specific guidance on sound financial management, book-keeping and the induction to the key project management principles. These high-risk visits were carried out by a team composed of both operational and financial officers. The monitoring visits also enabled the Agency to establish better and direct collaboration ties with the management of the African universities concerned.

Work Programme 2017

Following the Commission's Intra-Africa financing decision for 2017, the Agency started the preparatory work for the publication of the call in January 2017. The rather high number of inadmissible (e.g. incomplete) applications in 2016 suggests that more time for the preparation of proposals would be beneficial. The Agency therefore extended the time between the 2017 call publication and the call deadline.

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 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 objectives¹⁴. The Agency's building and materiality assurance criteria are outlined in the AAR Annex 4. Annex 5 outlines the main risks, together with the control processes aimed at mitigating these, and the indicators used to measure the performance of the control systems.

¹⁴ Effectiveness, efficiency and economy of operations; reliability of reporting; safeguarding of assets and information; prevention, detection, correction and follow-up of fraud and irregularities; and adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 32).

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

Payments made in 2016 (in Mio EUR) are as follows:

Operational and administrative expenditure (in € millions)	
Pre-financing	508,40 ⁽¹⁾
Payments against cost statements	116,63
<i>sub-total grant management expenditure</i>	625,02
Procurement	17,67
Experts payments	4,27
Re-commitments (interests)	0,36
Operational expenditure	647,3 ⁽²⁾
Administrative expenditure	46,58 ⁽³⁾
Total	693,90
(1) There is a difference of 1,5 Mio EUROS with the figure of the pre-financing coming from the BO report used to calculate the amount at risk "Pre-Financing Paid and Cleared in 2016". This is due to 1,5 Mio EUROS linked to the Media Stands, which are considered as procurement.	
(2) This amount corresponds to total payments made as shown in the Annex 3- Table 2 (operational budget)	
(3) This amount corresponds to total payments made as shown in the Annex 3- Table 2 (administrative budget)	

With regard to the operational budget, the execution of commitment credits was EUR 674.9¹⁵ Mio, or 97.4% of the available budget, which is slightly below the 98% target. The execution of payment credits was EUR 647.32¹⁶ Mio. The payments comprise 95.5% of the available budget which is above the 95% target. Regarding the operational budget, the execution of commitment appropriations was EUR 47.96 Mio (97.71% of the available budget). The execution of payment appropriations was EUR 46.58 Mio (86.7% of the available budget).

The total operational expenditure amounts to EUR 625.02 Mio for grant management (thus excluding procurement, expert payments and re-commitments) and is distributed per programme and programming period as follows:

¹⁵ This corresponds to credits C1, C4,C5, P0 and R0

¹⁶ This corresponds to credits C1, C4,C5, P0 and R0

	Legacy (programming period 2007-2013)	Internal control indicator available?	Independent info from auditors?	Reservation ?		New programming period (2014-2020)	Internal control indicator available?	Independent info from auditors?	Reservation ?	Total Legacy + New P.P. in Mio €
Erasmus+ (1)	142,01					303,68				445,70
LLP	18,72	Yes the multiannual detected error rate "DER" is 4,52% 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	Erasmus+	303,68	0,08% of Detected Error Rate. However the Agency doesn't consider it as fully representative yet because it is still based on a too small number of audits. Nevertheless, 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. For the calculation of the overall amount at risk the Agency has used the 2016 multiannual detected error rate.	Audited by the IAS in 2015. (Audit on the effectiveness and efficiency of Erasmus+ control strategy)	No	445,70
Erasmus Mundus	94,26	Yes the multiannual detected error rate "DER" is 0,37% 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	28,55	Yes the multiannual detected error rate "DER" is 0,99% for Tempus and Bilateral Cooperation	No	No						
Youth	0,48	Yes the multiannual detected error rate "DER" is 2,96%	Audited in previous years, notably by IAC. All recommendations implemented.	Yes in 2015 and 2016						
Sport	0,00	N/A	N/A	N/A						
Creative Europe	14,82					137,19				152,01
Culture and desks	11,83	Yes the multiannual detected error rate "DER" is 9,13%	Audited in previous years, notably by the former IAC. All recommendations implemented.	Yes in 2015 and 2016	Creative Europe	137,19	0,03% of Detected Error Rate. However the Agency doesn't consider it as fully representative yet because it is still based on a too small number of audits. For the calculation of the overall amount at risk the Agency has used the 2016 multiannual detected error rate.	No	No	152,01
MEDIA	2,99	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	1,24	Yes the multiannual detected error rate "DER" is 0,81%		No		21,91	Same as for Creative Europe. (2)	No	No	23,15
EU Aid Volunteers	0,00	N/A		N/A		4,17	Not yet available. For the overall calculation of the amount at risk, the Agency has used the 2016 multiannual detected error rate. Same as for Erasmus+.	No	No	4,17
TOTAL	158,07					466,95				625,02

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

(2): except for the fact that for the calculation of the overall amount at risk the Agency has used the multiannual DER of the 2007-2013 programme (and not the one of the Agency) because it was available

Just over 25% of the total operational expenditure for 2016 is represented by the legacy programmes, with Erasmus+ (legacy and new programming period all together) amounting for 71.3% of the total grants.

As explained above, the total operational expenditure also includes procurement payments for a total amount of EUR 17.67¹⁷ Mio and expert payments¹⁸ for a total amount of EUR 4.27 Mio. For the Creative Europe programme, procurement payments mainly concern the MEDIA Stands (Cannes film festival and Berlinale for example). For the Erasmus+ programme, procurement mainly refers to the Online Linguistic Support, the E-Twinning and EPAL platforms and the EVS Insurance which formally represent procurement management. It is also worth mentioning some punctual studies carried out to support project implementation and the insurance covering volunteers (for European Voluntary Service and EU Aid Volunteers)¹⁹, both of which are included in the procurement figures.

Coverage of the Internal Control Objectives and their related main indicators

A. Control effectiveness as regards legality and regularity

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

Effective control processes provide reasonable assurance to the EACEA management on the achievement of the Agency's objectives. Control processes include all measures taken by the management and staff to ensure that operational activities are effective and efficient, that legal and regulatory requirements are met, that financial and other reporting is reliable and that assets and information are safeguarded.

The control objective on the legality and regularity of underlying transactions aims to ensure that the management's estimation 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 programme implementation. The Agency relies on this best estimate of the error rate because the high volume of transactions for programmes managed by EACEA each year means it is not cost effective to have a representative error rate based on 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 a sample of randomly selected transactions, minus any corrections made resulting from the control systems in place. More information can be found in annex 4.

¹⁷ Including EUR 1.5 Mio of pre-financing linked to a MEDIA Stand

¹⁸ External experts are used to evaluate the proposals received.

¹⁹ See the Annual Work Plan for more details and information if needed.

The main indicators from the ex-ante and ex-post controls are reported below:

	Indicator	Results 2016
Ex-ante controls	% of calls successfully <u>concluded</u> /number of calls planned in the MP/WP	100%
	% of budget value implemented/budget allocated (commitments from calls)	97.4%
Ex-post controls	Detected error rate from random audits	See below in (4) "Results for the AAR 2016"
	Detected error rate from risk-based audits	2.30%
	Value of corrections made by implementing audit results by means of recoveries and/or offsetting	2.0 million EUR
Recoveries	Value of "official" recoveries as per the communication on the protection of EU financial interests	16.0 million EUR (BO report for AAR Annex 3- Table 8)

(1) Ex-ante controls

The controls built into the ex-ante phase (up to the grant signature) are in place to make sure that the best applications are selected, that they meet the conditions outlined in the call for proposals and that the beneficiaries are capable of completing the projects successfully and on time. To this end, controls have been built into the process, as described below.

- Eligibility checks are performed to ensure that applications are submitted according to the rules and that they comply with the eligibility criteria defined in the work programmes.
- Evaluation of applications is mainly carried out by external experts; controls ensure the quality of the experts selected. The Agency also makes sure that the experts do not have any conflicts of interest in evaluating proposals and ensures the renewal of experts by respecting the rules of rotation (at least 25% of experts included in the pool should not have participated in the evaluation of a call in the previous three years).

(2) Ex-post audit strategy

In adherence with a strict methodology, the annual audit plan (AAP) of 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 1/3 risk-based²⁰. The audit coverage is about 11% of all closed projects in one year. Almost all audits are subcontracted to an external audit firm. Only the audit results of the 'random' selection of projects are taken into account when calculating error rates.

A multi-annual error rate is calculated for each 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 2014-2020²¹). In line with guidance developed by DG BUDG on error rates, value at risk and materiality, the Agency decides whether or not to report on reservations in the AAR both per programme and per programming period.

From the 2012 Annual Activity Report onwards, the Agency has calculated multi-annual error rates in order to increase the representative value of the figures. For the 2016 AAR, the Agency reports multi-annual error rates over six cumulative years for the legacy

²⁰ For the 2015 AAP, the Agency took into account the fact that the 2007-2013 programming period was in a 'phasing-out' stage, and mainly selected risk-based audits in order to take cost-efficiency into consideration.

²¹ The new programme EU Aid Volunteers is not yet concerned by the audit process because it has not produced final reports to be selected in the sample in 2016.

programmes and in theory²² over two years for the 2014-2020 programming period. As in 2014 and 2015, the Agency managed to subcontract the 2016 annual audit plan before summer (instead of at the end of the calendar year) in order to reduce the gap between projects' closing and the audit results becoming available to one year.

The 2016 AAR error rate is calculated on the basis of 347 random audits (for both programming periods). There are 47 on-going random audits, the vast majority of them corresponding to the 2016 Annual Audit Plan.

Concerning the risk based audits included in the 2016 AAP, the annual detected error rate is 2.3%, which confirms the effectiveness of the Agency's risk analysis.

(3) Past reservations

A reservation was made for LLP 2007-2013 in the 2011 AAR, and this was maintained in the 212 and 2013 AARs.

The analysis of the LLP programme shows that the errors mostly concern the non-respect of some 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 and grant schemes. This plan included resolutions to:

- improve the desk control strategies per unit/programme by producing new guidelines and by introducing two new types of audit certificate, 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, include a session on financial reporting and eligible costs;
- consolidate the audit strategy (move from annual to multi-annual).

The action plan was implemented according to plan 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 year's AAR. The reasons are twofold: a) the project duration is typically about 18 months to 2 years (for some actions even longer) and b) there will be a minimum one year gap between projects closing and audit results becoming available. The Agency has analysed the results of this year's LLP audits to see if the impact of the action plan on lower error rates was visible and this is not yet the case²³. The reason is that contracts for the LLP projects that were selected for audit last year were completed 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 improvements are now becoming visible for the new programming period 2014-2020, following further financial simplifications in the Erasmus+ programme (use of lump sums, flat rates and/or unit costs), since simplified rules are less prone to errors (see section (5) "*What are the indications for the future?*")

²² It is indicated 'in theory' because in practice, last year the Agency was only able to audit projects under the Europe for Citizens and the Creative Europe programmes. No final payments were available for the Erasmus+ and EU Aid Volunteers programmes. Therefore, for Erasmus+ it is the first year that audit results are available.

²³ There are three random audits corresponding to LLP finalised this year with an error rate of 4.59%, therefore very similar to the multiannual detected error rate of the programme.

(4) Results for the 2016 AAR ²⁴

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 this is higher than 2% then the Agency issues a reservation (see Annex 4 for more details).

The multiannual detected error rates per programme and programming period are listed in the table below:

Programming period 2007-2013	DER	RER	MAT	Reservation?
LLP	4.52%	4.27%	6.04%	Yes
Erasmus Mundus and Intra ACP	0.37%	0.33%	0.26%	No
Tempus and Bilateral Cooperation	0.99%	0.90%	0.82%	No
Youth	2.96%	2.89%	3.36%	Yes
Culture	9.13%	8.69%	11.13%	Yes
MEDIA and MEDIA Mundus	0.53%	0.49%	0.66%	No
Europe for Citizens	0.81% ²⁵	0.79%	0.93%	No
Programming period 2014-2020	DER²⁶	RER	MAT	Reservation?
Erasmus+	0.08%	0.08%	0.02%	No
Creative Europe	0.03%	0.03%	0.02%	No
Europe for Citizens	0.00%	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 the 2016 AAR show that the multi-annual error rate is still above 2% for the Lifelong Learning Programme (LLP) 2007-2013. It is the same figure reported in the 2015 AAR and is in line with the multi-annual detected error rate of 4.39% disclosed in the 2014 AAR.

Therefore, for the 2016 AAR, a reservation will need to be maintained for the 2007-2013 LLP as the multi-annual materiality ("MAT") is still higher than 2%. The Agency will, as in previous years, thoroughly analyse the most recurrent errors identified in the latest round of audit reports and if necessary implement additional actions over the course of 2017, taking into account the cost-benefit analysis of any possible corrective measures.

As in the 2015 AAR, the multi-annual detected error rate of 9.13% for the 2007-2013 Culture programme results in a materiality (MAT) above the 2% threshold (11.13%) and the reservation will therefore be maintained. The Agency indicated in the 2015 AAR that

²⁴ As explained above, the Agency manages a high volume of low value transactions. As a result, the ex-post audit strategy is based on a random and risk-based sampling, since a representative sampling would not be cost-effective. The cumulative random audit coverage (cumulative funding audited/cumulative total funding) is between 6% and 10%. The random audit coverage for Europe for Citizens (1.8%) and Youth in Action (2.5%) is lower. In the case of Europe for Citizens 2007-2013, it was not considered cost-effective to audit one of the town-twinning action, which involves many small value grants (and therefore the audit would almost cost the total amount of the grant given to the beneficiary). In the case of Youth in Action, the reason is similar.

²⁵ A pre-draft audit report arrived in February 2017, raises the DER up to 1.87%. This audit report still needs to be revised and approved.

²⁶ Even if the detected error rate for the new Erasmus+, Creative Europe and Europe for Citizens 2014-2020 programmes is around 0%, this figure should be treated with caution as it is based on a limited number of audits (24 audits closed with an audit coverage of 2.65%), and more audit results are yet to come. Therefore the Agency did not use these figures to calculate the amount at risk, in order to provide a conservative amount, as explained in footnote 29. The Agency prefers to consider that no major/important audit findings have been found so far. Nevertheless, it is worth recalling that even in the previous programming period for Europe for Citizens, the MEDIA programme, and part of Erasmus+ (former Erasmus Mundus and Tempus) had multiannual detected error rates below 2%.

this result stems mainly 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 9.13%. The Agency has already issued the recovery order amounting to EUR 697,020.

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

- The amount concerned is exceptional. It represents approximately 50% of the accumulated errors detected via the audits carried out over the last 5 years.
- It concerns a relatively modest programme in economic terms at Agency level. However, given the amount involved, the impact at programme level is amplified. At aggregate level, the impact is also significant.
- It concerns a mono-beneficiary contract from 2007, for which the final payment was made in 2012. Since 2007, the Agency has considerably developed the types of contracts it works with (multi-beneficiary vs. mono-beneficiary), as well as the procedures to inform beneficiaries of their obligations (i.e. kick-off meetings), and the monitoring strategy. Therefore, the Agency believes that a similar case is very unlikely to happen again.
- The beneficiary in question has voluntarily gone into liquidation. The Agency wanted to ensure this was not a case of fraudulent liquidation and has sent the case to OLAF. OLAF has agreed to open an investigation.

It should also be noted 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% threshold, therefore supporting the Agency's decision to issue a reservation.

For the 2007-2013 Youth in Action programme, the multi-annual detected error rate of 2.96% results in a materiality (MAT) above the 2% threshold (3.36%). In fact, as it is the end of the programme's life, the value of the closed grants (i.e. the funding EUR 4.7 Mio) is substantial, while the payments made during the reporting year are already very limited (precisely EUR 480,000 representing 0.07% of total payments for 2016). Therefore, in order to respect the Agency's reservation criteria (namely when the multiannual materiality is above 2%), and in order to avoid criticism and to present the most conservative approach, the Agency has decided to maintain the reservation on this programme, even if the amounts involved are quite low.

For the 2007-2013 Europe for Citizens programme the multiannual detected error rate of 0.81% results in a materiality (MAT) below the 2% threshold (0.96%). There is therefore no need for reservation. This good result is confirmed by the current results for the new programming period, which has a 0% detected error rate after the first five audits.

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

(5) What are the indications for the future?

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

Based on the above analysis and a prudent extrapolation, the Agency believes that, despite this action plan, the 2007-2013 LLP reservation will need to be maintained at least until the programme has been completely phased out. However, the amount at risk will gradually reduce as the phasing out period progresses.

The action plan should be fully effective 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 and which will be selected for audit from 2015 onwards. 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.

The same applies for the 2007-2013 Youth in Action programme. To ensure a representative and cost-effective approach, the decision as to whether a reservation is

needed is based on **cumulative** results. In fact, when approaching the end of a programming period:

(a) in some programmes like Youth in Action 2007-2013 the threshold is almost reached based on the audit results of previous years alone, meaning the impact of good results is therefore minimised in terms of percentage.

(b) the value of the closed grants (i.e. the funding) is quite substantial, whilst the payments made during the reporting year are still quite low, thus increasing the effect on the materiality percentage.

For both programmes, Culture 2007-2013 and Youth in Action 2007-2013, given that they are already in the phasing-out stage, the Agency expects both reservations to be present next year.

In conclusion, despite the relevant multi-annual error rates leading to recurring reservations, the Agency believes that no additional actions or mitigating measures are needed for 2016, apart from a daily drive to improve the grant management process. However, the Agency will closely examine this issue and adopt any additional measures that could be considered necessary and cost-effective.

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

In conclusion, the Agency is very confident that the actions put in place will bring positive improvements in the projects related to the new programming period.

At this stage it is worth mentioning that the first results in terms of error rates per programme for the new programming period are very positive, even if these have only been calculated for a limited number of audits, as for Creative Europe and Europe for Citizens (i.e. no major/important audit findings have been found up to now). According to the first results, the MAT is well below the materiality threshold (MAT<2%).

(6) Procurement management

The total operational expenditure includes procurement payments for a total amount of EUR 17.67 Mio. 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. For instance MEDIA Stands are needed to host EACEA staff and beneficiaries during the film festivals (i.e. Cannes, Berlinale). Similarly, two calls for tenders to provide insurances are carried out to cover volunteers for EU Aid Volunteers programmes and for the European Voluntary Service. There is also the Online Linguistic Support (OLS) open call for tender, which provides a linguistic test and online language courses in Czech, Danish, German, Greek, English, Spanish, French, Italian, Dutch, Polish, Portuguese and Swedish to higher education students, vocational education and training learners and young volunteers taking part in the Erasmus+ programme.

OLS was recently extended to the benefit of around 100,000 refugees over three years, on a voluntary basis and free of charge²⁷. This is the biggest operational procurement procedure recently delegated to EACEA (a framework contract covering seven years).

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

- The Agency purchases the best quality services at the best price. The best quality/price ratio is mainly applied in EACEA calls to ensure economy, efficiency

²⁷ <http://erasmusplusols.eu/ols4refugees/>

and effectiveness, with an eye always on quality (quality often weighted at 60%, and price at 40% - as in the OLS call);

- The legal principles of equality, transparency, competition and proportionality are complied with (EACEA has a preference for open procedures whenever possible, i.e. OLS and Stands);
- Effectiveness and efficiency of operations, compliance with laws and regulations are achieved (the legal sector supports the operational units in clearly defining the specifications of the service needed in the tender documents and assists them over the entire procedure to ensure full compliance);
- The required services are made available within the agreed timeframes (the Agency aims for a high level of responsiveness whenever a new request is submitted by parents DGs, as in the case of the OLS extension which was rapidly implemented by July 2016).

In order 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 5 for a detailed description).

Regarding the level of assurance related to procurement procedures, the Agency can rely on different elements:

- the IAC audited them in 2009 (see IAC audit report of 10 October 2009) and followed them up in 2010 and 2013;
- no appeals or cancellation of calls ever happened in relation to EACEA procurement procedures;
- ***the European Court of Auditors never formulated any observation or recommendations to EACEA regarding procurement.***

For the purpose of calculating the amount at risk, the Agency uses a conservative rate of 0.5%. The same conservative rate is used by the Agency for payments related to re-commitments, payments concerning experts and also for the payments related to the administrative budget.

(7) 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 risk²⁸ for the payments made in 2016 is EUR 12 Mio. This figure is the AOD's best, conservative estimation of the amount of relevant expenditure²⁹ during the year (EUR 693.9 Mio), not in conformity with the applicable contractual and regulatory provisions at the time the payment is made.

This expenditure will subsequently be subject to ex-post controls and a sizeable proportion of the underlying error will be detected and corrected in the coming years. The conservatively estimated future corrections³⁰ for those payments made in 2016

²⁸ In order to calculate the overall amount at risk, the Agency has used the multiannual detected error rates by programme. For the 2014-2020 programming period, where there are only very few results, the Agency has taken the following options: 1) For Europe for Citizens, to use the same multiannual detected error rate as the previous programme 2) For Erasmus+ and Creative Europe, and in line with the Agency's position last year, to use the multiannual detected Agency error rate, which is 1.61% (compared to 1.52% in 2015) (which therefore does not take into account the 2015 very exceptional audit result of the Culture 2007-2013 programme. The Agency already considers this approach to be conservative enough, given that it strongly believes that the action plan detailed in the AAR will bring positive improvements to the new programming period. For the procurement management, the expert payments and the administrative expenditure, the Agency has used a conservative rate of 0.5% of potential error.

²⁹ 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.

³⁰ The Agency has recalculated its corrective capacity to 0.37% (it was 0.35% in 2015). 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

amount to EUR 2.2³¹ 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 9.8 Mio.

BUDG (average of 3.1% since 2010) had to be adjusted as (a) it included corrections made prior to the payment (ex-ante) and (b) the years prior to 2011 are not representative of the annual corrections made, because the Agency started its activity in 2007 and reached its "cruising speed" (which it is slightly higher than 3%) only in 2011.

³¹ This amount is coherent with the historic average of ex-post controls corrections linked to audits. This year these corrections amount to EUR 2 Mio (see page 48). The slight increase is also linked to the increase of the expenditure itself.

Estimated overall amount at risk at closure

in EUR Mio	Payments Made in 2016	Re-commitments (interests)	Procurements	Experts	Total Payments net of procurements, experts and recommitments	Minus New Prefinancing	Plus Cleared pre-financing	Relevant expenditure	Average Error Rate in %	Estimated overall amount at risk at payment	Average Recoveries and Corrections (Adjusted ARC) in %	Estimated future corrections and deductions	Estimated overall amount at risk at closure
Programming period 2007-2013													
LLP	18.718.597				18.718.597	444.519	71.874.878	90.148.956	4,52%	4.074.733	0,37%	333.551	3.741.182
Erasmus Mundus	94.263.286				94.263.286	87.917.501	181.228.851	187.574.636	0,37%	694.026	0,37%	694.026	0
Tempus	28.550.950				28.550.950	23.840.744	60.583.194	65.293.400	0,99%	646.405	0,37%	241.586	404.819
Youth in Action	480.222				480.222	0	4.113.404	4.593.627	2,96%	135.971	0,37%	16.996	118.975
Culture	11.825.422				11.825.422	4.696.405	23.030.868	30.159.885	9,13%	2.753.597	0,37%	111.592	2.642.006
MEDIA	2.989.917				2.989.917	0	6.015.688	9.005.605	0,53%	47.730	0,37%	33.321	14.409
Europe for Citizens	1.239.098				1.239.098	0	1.252.796	2.491.894	0,81%	20.184	0,37%	9.220	10.964
Programming period 2014-2020													
Erasmus+	320.703.728	328.891	13.853.089	2.839.354	303.682.394	290.401.361	82.331.663	95.612.696	1,61%	1.539.364	0,37%	353.767	1.185.597
Creative Europe	140.747.333	31.304	2.313.683	1.207.613	137.194.733	87.364.692	54.424.632	104.254.673	1,61%	1.678.500	0,37%	385.742	1.292.758
Europe for Citizens	22.101.862	491	0	19.1475	21.909.896	9.563.551	7.904.410	20.250.755	0,81%	164.031	0,37%	74.928	89.103
EU Aid Volunteers	5.703.315	1.633	1.498.866	35.100	4.167.716	4.167.716	0	0	0,00%	0	0,37%	0	0
TOTAL	647.323.731	362.319	17.665.639	4.273.542	625.022.231	508.396.490	492.760.385	609.386.126		11.754.542	0,37%	2.254.729	9.499.814
	(A)	(1)	(2)	(3)	(A)'=(A)-(1)-(2)-(3)	(B)		(A)'-(B)+(C)		(a)		(d)	(a)-(d)
Expected Error rate on re-commitments, procurements and experts:				0,5%									
								Amount at risk on re-commitments (1)*0,5%		1.812			1.812
								Amount at risk on procurements (2)*0,5%		88.328			88.328
								Amount at risk on experts (3)*0,5%		21.368			21.368
Administrative expenditure										(b)			(b)
	46.579.519												
Expected Error rate on administrative expenditure				0,5%				Amount at risk on administrative expenditure	609	232.898			232.898
										(c)			(c)
Total payments	693.903.250							Total amount at risk at payments, including on re-commitments, procurements, experts and administrative expenditure		12.098.947			
								Total amount at risk at closure, including amount at risk on re-commitments, procurements, experts and administrative expenditure (a)+(b)+(c)-(d)					9.844.219
								In percentage of the total expenditure (693,903,250 EUR)					1,42%
Ex-post corrective capacity (in % of total operational payments on grant management)												0,36%	
(B) There is a difference of 1.5 Mio EUR with the amount of pre-financing coming from the BO report of DG BUDG "Pre-financing paid and cleared in 2016". This mainly corresponds to a pre-financing of 1.5 Mio EUR related to a Stand MEDIA which has been therefore considered as procurement management.													

B Cost-effectiveness and efficiency

The Agency monitors its total control and management costs (percentage of operating costs over the operational budget in terms of payments executed in 2016) namely EUR 46.6 /647.3 Mio = **7.20%**³², which is considered to be cost-effective, both overall and also when taking into account the relative number and size of the grants to be processed.

The Agency has a wide range of funding schemes and beneficiaries under its different programmes and their complexity and diversity, as well as the fact that a large number of rather small grants are involved, make establishing controls within the given regulatory framework quite challenging. In fact, even if the grants per beneficiary amount in some cases to approximately EUR 150,000 (or lower), the Financial Regulation foresees quite an extensive minimum set of requirements to be put in place to protect EU financial interests.

Secondly, there are a number of non-quantifiable³³ benefits resulting from the controls operated during each control stage:

- the selection phase, which aims to ensure that the financed projects contribute successfully to the the policy objectives;
- preventive controls through annual information/kick-off meetings with new grant beneficiaries;
- monitoring missions to address problems early on and in a cooperative manner;
- ex-post controls, having a deterrent effect.

These controls are a regulatory requirement and if they were not in place the totality of the appropriations would be at (compliance) risk.

We must also consider the efficiency indicators; these reveal that the Agency allocated the appropriate quantity and quality of resources to ensure an efficient execution of controls.

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 and reached a positive conclusion.

(1) Efficiency during the year 2016

The principle of efficiency concerns achieving the optimum relationship between resources employed and results achieved. The principle of economy requires that the resources used by the institution in the pursuit of its activities should be made available in due time, in appropriate quantity and quality and at the best price.

This section outlines the indicators used to monitor the efficiency of the control systems, including an overall assessment of the costs and benefits of controls.

³² The figure is in line with 2014's figure which was 7.41% and slightly better than the 2015's figure which was 8.13%. This variation is due to the increase on operational payments carried out by the Agency compared to 2015.

³³ As an example of non-quantifiable benefit, giving also an indication of the workload assumed at Selection Stage, the value of the 11,928 grant requests evaluated by the Agency for funding amounts to EUR 3,084,116,600 in 2016.

	Indicator	Results 2016
Ex-ante controls	Average time to inform applicants (art. 128 FR max. 6 months)	3.5 months for all programmes
	Average time to sign grant agreements or notify grant decisions (art. 128 FR max. 3 months)	2.1 months for all programmes
	Percentage of payments on time (art. 92 FR)	92%

The controls built into the ex-ante phase (up to the grant signature) exist to make sure that the best proposals are selected, that they fulfil the conditions outlined in the call for proposals and that the beneficiaries are capable of completing the projects successfully and within the set timeframe. Efficiency indicators (i.e. average time to notify grant applicants and average time to sign grant agreements) are substantially below the maximum number of months permissible in the Financial Regulation; the time to pay is kept to a minimum while budget execution is close to 100%. Therefore, the relative level of efficiency of the controls implemented is adequate and no major improvements are necessary for the moment.

(2) Cost-effectiveness during the year 2016

The Agency quantifies the costs of the resources and inputs required for carrying out the controls 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.

Despite the reservations made in relation to three programmes (LLP 2007-2013, Culture 2007-2013 and Youth in Action 2007-2013) where the materiality (MAT) is above 2%, the Agency considers the controls in place to be cost-effective overall. A number of points can be highlighted:

- As visible in the table below, the benefits of the controls in place outweigh their costs, even without taking into account the non-quantifiable benefits,
- The controls are risk-differentiated as far as possible, as underlined by the IAS last year.
- The action plan against reservations was already put in place in previous years. This action plan should however be fully effective only for projects committed in the last year of the previous programming period (2013), i.e. for those whose final payments will be made from 2014 onwards and which will be selected for audit from 2015 onwards. Therefore, the impact on the multi-annual/cumulative error rates of the 2007-2013 programming period is minor, as the effect of any improvements will be offset by the higher error rates from previous years. In light of this, the Agency expects to see the impact of its action plan in the multi-annual error rate and materiality for the new programming period, and is confident that the materiality for the new programming period will be below 2% for all programmes.

The results of the comparison between costs and quantifiable benefits are shown in the table³⁴ below:

Grant Management		Costs	Benefits	Difference (benefits-costs)
Stage 1: Selection	Staff	8.816.326	Non quantifiable	Non quantifiable
	External inputs	4.273.000	Non quantifiable	
Stage 2: Contracting (1)	Staff	5.831.249	19.884.638	14.053.389
Stage 3: Monitoring and desk review	Staff	20.455.945	Non eligible costs claims:	-1.783.006
			6.582.388	
	Recovery orders:	12.510.221		
	Missions	419.670		
Stage 4: Ex-post controls	Staff	586.681	2.092.686	286.958
	External inputs	1.210.386		
	Missions	8.661		
Total		41.601.918		

(1) Benefits for the contracting phase correspond to the total amount of budget cuts decided on during the contracting phase after analysis of the budget claimed by the beneficiary (only for grant beneficiaries). Budget cuts allow the Agency to avoid financial tasks which do not contribute to the programme's objectives. (See Annex 5-Grant Management-Stage 2)

According to the calculation above it appears that, even without taking into account the non-quantifiable benefits, **the cost-benefit analysis yields a positive result.**

A further analysis on the ex-post controls gives the following results.

	Indicator	Results 2016
Ex-post controls	Average cost of ex-post audit	EUR 7K
	Average benefit of a random audit (average grant value of project*detected error rate)	EUR 6K for 2016 / EUR 8K over the last 6 years
	Average benefit of a risk-based audit (average grant value of project*detected error rate)	EUR 28K for 2016 / EUR 12K over the last 6 years.
	Value of corrections made by implementing audit results by means of recovery order and/or offsetting	EUR 2.0 Mio
	Expected non-monetary return of auditing projects	Non-quantifiable (preventive; dissuasive effect)

The figures provided make clear that the average benefit of an audit (both random and risk based) outweighs its average cost. There are a number of non-quantifiable benefits to audits which are also important, namely the preventive and dissuasive effect of ex-post audits, especially concerning recurrent beneficiaries. In addition, the better identification of risks and therefore the identification of improvements areas, and the assurance provided to the authorising officer by an audit.

³⁴ In terms of approach, the Agency used both direct and indirect costs, omitting some overhead costs like HR and IT to avoid these being counted twice with the flat rate per full-time equivalent, as per DG BUDG's guidelines. Also, the management of Eurydice was left out of the scope.

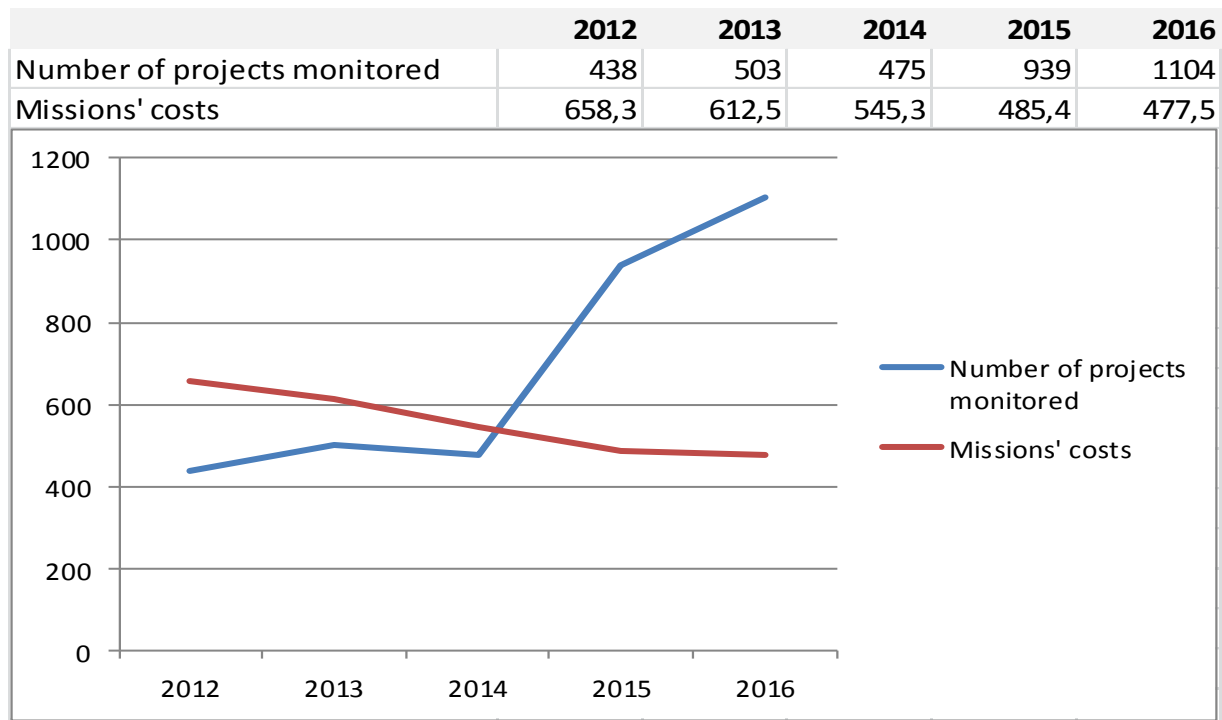
The Framework Contract for audit services (SMART 2010/0103 (DG CNECT)) expired in November 2015. In order to increase control efficiency and cost effectiveness, EACEA has decided in collaboration with the Executive Agencies EASME and INEA to launch an inter-institutional call for tender for a new framework 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.

The aim was to sign a tailored framework contract which focusses on the needs of the Agencies. The EACEA framework contract in cascade reduced the amount of time allocated to staff to work on calls: under the new contract only one selection and evaluation procedure was required during its four year duration. Furthermore, the additional time made available for staff is being used to perform more added value activities at the Agency. Finally, having consolidated the needs of three Executive Agencies, this new framework contract allowed for economies of scale and synergies (i.e. shared quality review process). This has allowed the Agency to complete the 2016 Audit Plan with a 25% saving compared to the 2015 Audit Plan, despite the number of audits remaining the same.

(3) Evolution of efficiency indicators during the last five years

This report has already presented several indicators, and now we turn to other indicators and analysis followed up by the Agency, which demonstrate the attention paid both to efficiency and to cost-effectiveness. For this purpose, it is necessary to analyse not only the indicator per-se, but also its evolution over the last five years.

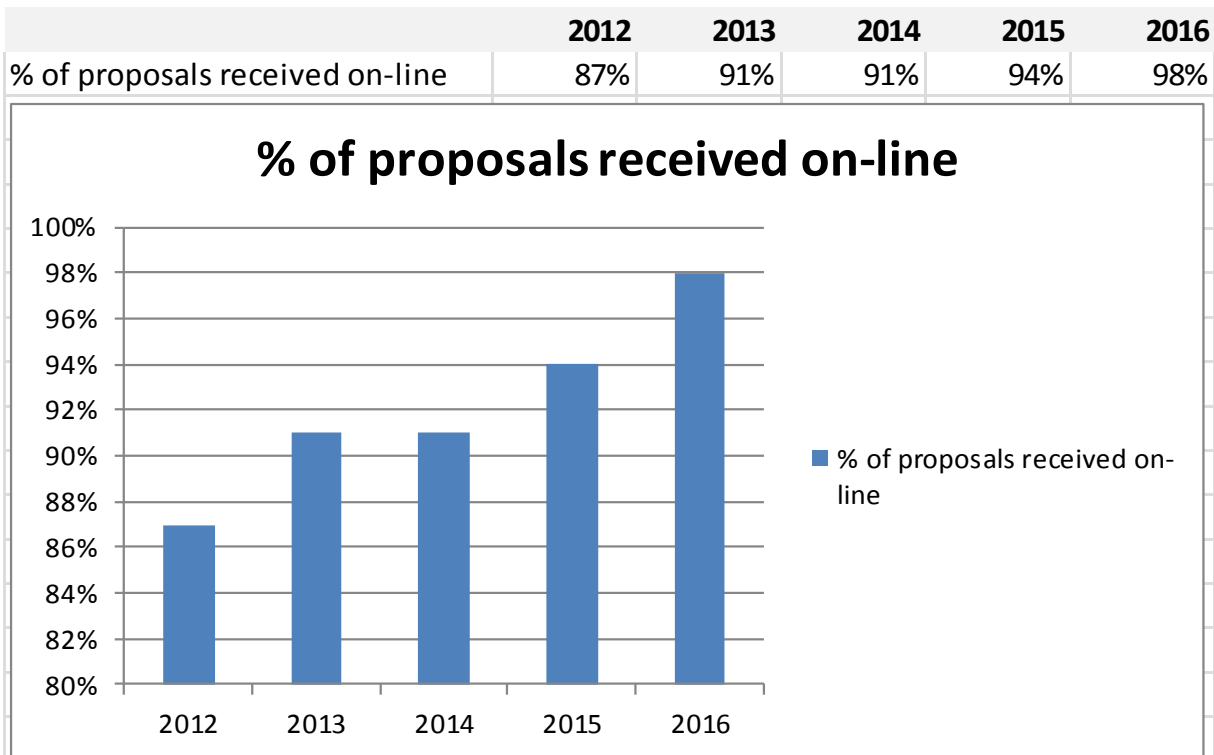
The resources freed up by the simplification process have been re-invested in many other processes in order to improve the quality of the service provided by the Agency to the beneficiaries. This is demonstrated by the increase in the number of monitoring visits and in the number of proposals submitted online, as outlined in the two following tables.



We must however bear in mind that the analysis of figures and indicators has its own limits as it does not include all qualitative aspects. For example, the number of monitoring visits does not show how the results of these monitoring visits are used. In this 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, but in fact the monitoring objectives have been enlarged in order to allow the Agency to report additional key elements to the parent DGs. Once a year the Agency synthesizes the conclusions of the monitoring visits for each programme and reports to the corresponding parent DGs. This work is under continuous revision and progress. For example, in 2016 unit A4 organised a cluster meeting with the National Erasmus+ Offices (NEOs), with the aim of reminding local stakeholders and in particular the national authorities about the results achieved by the projects and about the need to valorise, disseminate and sustain results.

The proportion of applications received online has increased from 87% in 2011 to 98% in 2016, as shown in the table below. This increase has allowed a redirection of some resources from data entering functions to other functions which provide further added value for the Agency, the stakeholders and the beneficiaries.



Given that this indicator is now approaching 100%, the Agency is working on two aspects to continue improving. First of all, the Agency is working on reducing the time needed to develop e-forms and has made them available for the call publication. Secondly, the Agency is working to replicate the success of the e-forms by developing electronic interim and final reports for the new generation of programmes (2014-2020). The aim is to improve productivity within the Agency (by automating the submission of the reports), to simplify the work required from the beneficiaries (no re-encoding of information already submitted) and facilitate the transition to a future corporate grant management system.

In 2016 48.9% of actions under Erasmus+ used e-reporting (39.5% for final reporting and 23.5% for interim reporting), as did 51.7% of actions under Creative Europe (38.9% for final reporting and 4% for interim reporting), and 77.8% of actions under Europe for Citizens (all for final reporting).

For 2017 the estimations are: 41.82% of actions under Erasmus+ should use e-reporting (30.91% for final reporting and 29.9% for interim reporting), 92.56% of actions under Creative Europe (92.59% for final reporting and 3.70% for interim reporting) and 100% for Europe for citizens (all for final reporting). The aim is to continue increasing this practice.

In Art 66.2 of the Financial Regulation the possibility to differentiate the frequency and/or the intensity of the DG's controls³⁵ is foreseen– *"in view of the different risk-profiles among its current and future transactions and of the cost-effectiveness of its existing and any alternative controls – by re-directing the control resources towards more stringent controls where needed while having leaner and less burdensome controls where appropriate"*. In this regard, the Agency has already implemented this principle via different actions. Indeed, especially as a result of past internal audits carried out at EACEA, it was decided:

(1) to establish a desk control strategy including tailored controls for each unit, based on the structure of financing of each action/strand (lump sum vs. budget based etc.).

(2) to ensure systematic recording of each project's risk assessment in the operational IT system (Pegasus) This also enables effective monitoring of the evolution of each project's risk profile.

In fact, in its report on the Erasmus+ control strategy the IAS has underlined that:

- the Agency has moved towards a risk based approach in the design and implementation of its controls;
- it performs monitoring visits and selects a proportion of ex-post audits based on risk; and
- EACEA has also decided to simplify ex-ante controls through the use of audit certificates (already started in 2012)

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

(4) Overall conclusion of control cost-effectiveness and efficiency

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.

C. Fraud prevention and detection

EACEA has developed and implemented its own anti-fraud strategy since 2012, elaborated on the basis of the methodology provided by OLAF. It has been updated in 2014. Most of the measures foreseen in the action plan have been fully implemented.

The Agency applies controls aimed at preventing and detecting fraud. To this aim, the Agency screens the population of transactions/grant agreements-decisions-contracts/projects/beneficiaries in order to identify those at a higher risk of serious irregularities/fraud and subjects them to more in-depth monitoring or specifically adjusted controls/control tools. These measures may include the transfer of the case for investigation to OLAF.

³⁵ Reviewing and optimizing the financial circuits in general and/or (only for those DGs managing 2014-2020 programmes) revising the DG's control system(s) further to the implementation of the simplification modalities embedded in those programmes.

Anti-fraud strategy

The Anti-Fraud Strategy, combined with an action plan, adopted on 9 July 2012 and updated in April 2014 is implemented as follows:

- The Anti-Fraud cell has been reinforced and the new team became fully operational in April 2016;
- The Anti-Fraud data mining tool is regularly updated and improved;
- Common approach at Agency level to detect duplicate project applications and prevent a possible double funding of beneficiaries:
 - The Agency continues to use URKUND services to check the content of Erasmus + documents (applications, final reports) against certain sources on the Internet, archives and databases;
 - DG EAC has been granted access to EACEA applicants' information to allow their checking against the applications received by the National Agencies.
- The 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 revision of the Anti-Fraud procedure was finalised end of 2016 and sent to EDPS early 2017;
- The Detection and Exclusion System (EDES):
 - The Agency contributed to the consultation of the revision of the FR on EDES;
 - The Agency has adapted its Manual of procedure to include the new EDES rules;
- The guidance on recovery context was updated in 2016 to mirror the modification brought to the system;
- The use of the audit certificate templates (light and full) introduced in 2013 was improved in 2016:
 - A check-list was created to help the operational units in their evaluation of the audit certificates;
 - The full audit certificate used under the Capacity Building programme was revised to adapt it to mix financing (real costs & unit costs).
- As regards the financial analysis of beneficiaries (guidance note adopted in July 2014), a working group has been analysing the possibility to harmonise it as much as possible within the Commission and the Executive Agencies;
- The Anti-Fraud trainings ("How to detect anomalies" & "Signalization of fraud & irregularities-EWS/EDES") are mandatory for all management, financial & operational officers; most staff has already been trained. There was no training in 2016. However, further to the modification of the EDES system, an information session was given to the financial coordinators' network.

Monitoring of results in 2016

EACEA Anti-Fraud resources have been concentrated on the management of a three major sensitive cases: two horizontal cases of suspicion of fraud and one case of grave professional misconduct (exclusion).

In 2014, the Agency had carried out a thorough risk analysis with respect to a major sensitive fraud case. As a result, a number of un-preceded measures (financial and administrative sanctions, termination of grants, recoveries, suspension of payments, corrective measures) were adopted and communicated to the concerned entities in December 2014. These measures have been implemented throughout 2015 and 2016.

In 2016, the Agency has transferred to OLAF one case of suspicion of serious irregularities/fraud

concerning a beneficiary active under Erasmus +. As this case was dismissed by OLAF for reasons of subsidiarity and proportionality, while sufficient suspicion of fraud had been detected, the Agency has nevertheless adopted additional precautionary measures.

Among the cases of suspicion of serious irregularities/fraud transferred by the Agency to OLAF in the previous years, five were still under investigation by OLAF at the end of 2016.

OLAF has transferred to the Agency four final reports with major financial and administrative recommendations. The Agency has taken appropriated measures, including the support of external legal counsellors. The process is still on-going. In addition, OLAF has initiated an investigation concerning a beneficiary active Erasmus +. Finally, OLAF has transferred 15 requests for information to the Agency, which represents a major increase compared to previous years.

2.1.2 Audit observations and recommendations

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

The Agency was under audit until the end of 2016 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) 2015

In September 2016 the European Court of Auditors issued its opinion related to the audit of the Agency's 2015 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.

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 2015 financial year 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 fairly present its financial position as of 31 December 2015 and the results of its operations and its cash flows for the year, in accordance with the Financial Regulation and the accounting rules adopted by the Commission's accounting officer.

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 2015 are legal and regular in all material respects.

Following the audit on the administrative expenditure, the Court made a comment on the budgetary management, observing that although carry-overs of committed appropriations were relatively high for Title III (support to agency operations), they mainly related to IT services (EUR 0.8 Mio), on-going project audits (EUR 1 Mio), to information, communication, and publication services (EUR 0.5 Mio), as well as to translations (EUR 0.2 Mio) which were ordered in 2015 but not yet invoiced at year-end or will only be delivered in 2016.

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 and 2016

At the end of 2016, four audits relating to the 2015 Statement of Assurance (DAS) were still open.

As for the 2016 DAS exercise on the Agency's operational budget, the 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.

Four transactions or grant projects were sampled for the DAS 2016. At the end of 2016:

- One transaction was closed with an error amount of EUR 21,243.19 (2.27% error rate). The reason was staff cost overestimation and there was also a non-quantifiable finding due to lack of working time registration.
- The Agency is still waiting for the results of the other three audits.

For information, two additional grant projects were sampled at the beginning of 2017 for the DAS 2016.

Internal Audit Service (IAS)

(1) Audit Engagements

During the second semester of 2016 the IAS started phase I (grant management - from call publication to contract signature) of the audit for Erasmus+ and Creative Europe, in order to assess the quality and performance of the implementation of the programmes.

The audit is on-going and should be finalised during the first semester of 2017. EACEA is awaiting the report and IAS's conclusions.

(2) Action Plan

Following last year's audit on the effectiveness and efficiency of the Erasmus+ control strategy, EACEA's management has accepted the auditors' recommendations and developed an action plan to adequately and effectively implement the recommendations outlined in the audit report. The action plan has been approved by the Director of the Agency.

The audit report includes two recommendations marked as "important"; these two recommendations have been indicated as "ready for review" according to the planning and the IAS auditor's assessment is in progress.

(3) Follow-up Engagements

In 2016 the IAS conducted two follow up engagements related to:

- IAC audit on *Erasmus Mundus II Programme and the Intra-ACP academic mobility scheme (second follow up)*
- IAS audit on Lifelong Learning Programme in EACEA and DG EAC (third follow-up)

In both cases, the assessment of the state of implementation was based on a desk review of evidence provided by the Agency and included interviews with key staff members and analysis of additional documentation received. Based on the IAS review, all remaining recommendations for EACEA have been adequately and effectively implemented and both audits are closed.

(4) Strategic Audit Plan of the IAS for 2017

As a result of the audit risk assessment conducted by the IAS in preparation of their 2017 audit plan, the IAS services have presented the Strategic Audit Plan for EACEA. The indicative list of audits for 2017 includes *Erasmus + and Creative Europe: audit on grant management Phase II (from project management to payment)*. The IAS has also planned multi-DG audits to be carried out in 2017 and EACEA is included in the sample; an audit on the HR management Strategy and an audit on recovery orders are foreseen. The audit on HR Management Strategy is justified by the existing management challenges due to the extension of the mandate for the period 2014-2020 and the constraints represented by the working conditions. The multi-DG audit on recovery orders in the context of the "corrective capacity" will also be performed in the first semester of 2017. Finally, further to EACEA's request, the IAS has agreed to assess the *value for money of monitoring missions in the EACEA* which has been added to the initial list of audits topics for 2017 and 2018.

(5) Conclusion of the IAS on the state of internal control

Based on all work undertaken by the IAS in the period 2014-2016³⁶ and all work undertaken by the former IAC in the same period³⁷, and taking into account that:

- the management has adopted plans to implement the agreed recommendations made by the IAS and the IAC in 2014-2016, which the IAS considers adequately address the residual risks identified by the auditors,
- the implementation of these plans is monitored through reports by the management and through follow-up audits by the IAS,
- the management has assessed a number of action plans not yet followed up by the IAS as implemented, and
- the management has not rejected any critical and/or very important recommendations;

the IAS has concluded that the audited internal control systems are working satisfactorily.

(6) Conclusion

As a result of the assessment of the risks underlying the auditors' observations together with the management measures taken in response, the management of the Agency believes that the recommendations issued do not raise any assurance implications and are being implemented as part of continuous efforts to improve its management and control systems and value for money.

³⁶ Namely Audit on the effectiveness and efficiency of the Erasmus+ control strategy in EACEA and in National Agencies (2015)

³⁷ Namely Audit on the Erasmus Mundus II programme and the Intra-ACP academic mobility scheme (2014)

2.1.3 Assessment of the effectiveness of the internal control systems

The Commission has adopted a set of internal control standards, based on international good practice, aimed at ensuring the achievement of policy and operational objectives. In addition, compliance with these standards is a compulsory requirement for financial management.

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

The Agency annually assesses the effectiveness of its key internal control systems.

The assessment relies on a number of monitoring measures and sources of information including a survey-based self-assessment by management and staff; reported instances of exceptions and/or non-compliance events and internal control weaknesses³⁸; relevant audit findings; and the risk management process. Furthermore, the 'bottom-up' information on internal control issues received through the Head of Unit's management reports has been checked for confirmation or any counter-indications.

The IAS's opinion has also been taken into account. This analysis has enabled the Internal Control Coordinator to report on the state of internal control and to provide any recommendations to the Agency Director. The purpose of the assessment based on the reported information is to identify (1) any cases of ineffective implementation of a standard or lack of compliance with the requirements; and (2) any standards for which, despite compliance and effective implementation, management takes the view that additional measures are necessary to increase efficiency. These internal control standards are to be prioritised in the management plan for the following year.

The inherent risks of the Agency are associated primarily with sound financial management. The control standards that are generally most relevant for the Agency's environment are thus ICS 6, 8, 12 and 13. The Agency is particularly concerned with maintaining acceptable error rates in spending programmes, while balancing trust and control. Whilst error rates for most of the spending programmes managed by the Agency are well below the materiality threshold of 2%, current error rates are around 4% on a multiannual basis for one of the Agency's funding programmes (Lifelong Learning Programme and Culture in programming period 2007-2013). More information can be found above.

An analysis of the main causes of errors has led the Agency to focus its efforts and to support a) the simplification of legislation/implementing rules and its own processes and procedures and b) the adoption of a solid communication policy towards both internal and external stakeholders. Concerning the overall state of the internal control system, the Agency generally complies with the three assessment criteria for effectiveness; i.e. (a) staff having the required knowledge and skills, (b) systems and procedures designed and implemented to manage the key risks effectively, and (c) no instances of ineffective controls that have exposed the Agency to its key risks.

Over several years, the ICS are considered to have been effectively implemented.

³⁸ The number of exception reports has diminished in comparison to last year, from 14 to 9 cases. Concerning the related economic value, in 2016 the total amount concerned is of 107,891.43€. Also, the total number of exception reports affects a low number of grants in relation to the total grants awarded by the Agency. Furthermore, only one case out of the nine reports represents a recurrence of non-compliance. Having these data in mind, it can be concluded that the risk at stake is minor. Finally, the nature of the request varies from one unit to another. Nevertheless, there is a general learning experience from the exceptional cases leading to consequent improvement (i.e. further clarifications on the procedures to be included in the following calls and/ or in the Handbooks distributed to beneficiaries, a closer follow-up on the validation processes, an analysis of good practices in the operational units with regard to the communication with beneficiaries, and/or an increase in the resources for the coordination of the actions).

Notwithstanding the above the Agency has foreseen measures in its 2016 Work Programme to improve the efficiency and/or cost-effectiveness of its internal control systems, as it has done in previous years.

For instance, for ICS 8 on Processes and Procedures, the Agency has set up a system of internal remedies which has been informally validated with the Legal Service and presented to the Agency's main parent DG (DG EAC). This system allows the Agency to review, upon request, its decisions rejecting grant applications and those determining the final amount of the funded projects. By increasing the quality review, this system should contribute to the reduction of appeals before the European Commission and judicial Courts. By the end of the reporting year, this standard can be considered as implemented and effective.

Finally for ICS 13 on Financial Reporting, the Agency will continue its communication efforts towards management and staff. The objective is to increase knowledge sharing around indicators that should not be seen only as an instrument to control but also as a way to measure the progresses made and to explain the results of the actions carried out (impact indicators).

In conclusion, the internal control standards are effectively implemented and functioning well.

The Agency has assessed the internal control systems during the reporting year and has concluded that the internal control standards are implemented and functioning as intended.

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 in Section 2.1 stems from the reported results of monitoring by both the Agency's management and several auditing bodies (ECA and IAS) for all significant budget areas managed by the Agency. All these reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a complete coverage of the budget delegated to the Director of the Agency.

The Director assesses the information provided in the above Section 2 as complete. The administrative and operational budgets have been covered by appropriate performance indicators, by audits from ECA and IAS and the results from ex-post audits.

The Director believes that the information provided is reliable. Most of the indicators mentioned in Section 2.1 have been closely monitored since the set-up of the Agency back in 2006.

The EACEA assessment on legality and regularity for the LLP programme 2007-2013 returns a level of error which appears to be "persistently high". For the 5th subsequent year, the cumulative control results show that a significant level of error (above the 2% materiality threshold) still affects some of the transactions under the LLP programme. These errors have been analysed and their underlying causes have been identified. The action plan which addressed these weaknesses is fully operational. The Agency believes that the reservation for LLP programme (2007-2013) will be recurrent the total phasing out of the programme especially taking into account that a) reservations are based on cumulative control results and b) LLP (2007-2013) is already phasing out. The Agency also considers that it has implemented all possible suitable ex-ante and ex-post controls, to the extent they remain cost-effective and do not affect other policy programme objectives. The same analysis is valid for the Culture programme (2007-2013) and the Youth in Action programme (2007-2013) where new reservations have been issued in the AAR 2015. In fact, as already mentioned previously in this report, the action plan which addressed LLP reservation in 2011 was applied to all programmes of the Agency from the start, the same previous remarks also being valid (namely the time

needed to see the benefits of the actions implemented)³⁹. At this stage, it is worth reminding that the current audit results on the new programming period, even if relatively modest, as they are based on 24 audits, seem to demonstrate the correctness of Agency's analysis, as they are all around 0% error rate.

The Director concludes that adequate corrective measures have been taken and should be fully effective for projects committed from 2013 onwards. However, the impact on the multiannual error rate could be smaller, as this improvement could be more than off-set by the higher error rates in previous years;

In summary, the Director can provide reasonable assurance of the adequate management of risks related to a) the legality and regularity of the underlying transactions, taking into account the multiannual character of the programmes as well as the nature of payments concerned, b) sound financial management and c) prevention, detection and correction of irregularities and fraud except for the reservations for the LLP, the Culture and Youth in Action programmes (2007-2013).

Furthermore, in the context of the next programmes for 2014-2020, action is being taken together with the Commission to further implement financial simplifications. Concerning the impact of the errors affecting the LLP, the Culture and the Youth in Action programmes (2007-2013) on the declaration of assurance, it must be stressed that the amount at risk only represents 1.08% of the total payments processed by the Agency in 2016. It therefore does not significantly affect the legality and regularity of the total transactions managed by the Agency.

Overall Conclusion

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. Taking into account the above considerations, the overall risk relating to the legality and regularity of the underlying transactions of the Agency in 2016 remains lower than the materiality threshold of 2%.

The Executive Director in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance albeit qualified by a reservation concerning the LLP programme (2007-2013), a reservation concerning the Culture programme (2007-2013) and a reservation concerning the Youth in Action programme (2007-2013).

2.1.5 Declaration of Assurance and reservations

³⁹ The main matter in question for the (2007-2013) Culture programme's reservation issued last year comes from an audit of a project committed back in 2007.

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 view⁴⁰.

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 the Executive Agency for Culture, Education and Audiovisual and or those of the Commission here.

However the following reservations should be noted:

Considering that the materiality of the amount at risk is at 6.04% 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 11.13% for the Culture programme (2007-2013), a reservation is warranted for this programme. Considering that the materiality of the amount at risk is at 3.36% for the Youth in Action programme (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 1.08% of the 2016 total payments done by the Agency. Consequently, despite the reservations, the overall assurance can be maintained.

Brussels, 31/03/2017

Brian Holmes

(signed)

⁴⁰ True and fair in this context means a reliable, complete and correct view on the state of affairs in the Executive Agency.

Reservation for the LLP programme 2007-2013

N°	Title	Type (Financial or Reputational)	2016 amount at risk (in million euros)	ABB amount concerned in 2016 i.e. scope (in million euro)
1	LLP 2007-2013	Financial	€ 4,1 million euros	€ 18.7 million euros

DG/service	EACEA
Title of the reservation, including its scope	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
Domain	Direct management – grants
ABB activity and amount affected (= "scope")	LLP programme (2007-2013): 15 02 51 00 4 Scope: € 18,718,597
Reason for the reservation	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 6.04%. 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 4.52%.
Materiality criterion/criteria	The materiality criterion in terms of the legality and regularity of underlying transactions of 2% of the ABB activity was breached.
Quantification of the impact (= actual exposure)	The 2016 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 2016 for which a final payment was made in 2016 by the multiannual detected error rate and taking into account corrections on the audited population during 2016. It amounts to EUR 4.1 Mio (4.52% times EUR 92.0 Mio minus EUR 0.062 Mio).
Impact on the assurance	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 (2.59%) of the amount at risk compared to the total budget execution in terms of payments related to the programming period 2007-2013 in 2016 within the Agency (EUR 4.1Mio / EUR 158.0Mio = 2.59%) or 0.63% compared to the total budget execution in terms of payments in 2016 within the Agency (EUR 4.1 Mio/EUR 647,3 Mio = 0.63%)
Responsibility for the weakness	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.
Responsibility for the corrective action	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 2017 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. 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.

Reservation for the Culture programme 2007-2013

N°	Title	Type (Financial or Reputational)	2016 amount at risk (in million euros)	ABB amount concerned in 2016 i.e. scope (in million euro)
1	Culture 2007-2013	Financial	EUR 2,8 million euros	EUR 11.8 million euros

DG/service	EACEA
Title of the reservation, including its scope	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
Domain	Direct management – grants
ABB activity and amount affected ("scope")	Culture programme (2007-2013) 15 04 51 Scope: € 11,825,422
Reason for the reservation	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 11.13%. 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 9.13%.
Materiality criterion/criteria	The materiality criterion in terms of the legality and regularity of underlying transactions of 2% of the ABB activity was breached.
Quantification of the impact (= actual exposure)	The 2016 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) in 2016 for which a final payment was made in 2016 by the multiannual detected error rate and taking into account corrections on the audited population during 2016. It amounts to EUR 2.8 Mio (9.13% times EUR 30.7 Mio).
Impact on the assurance	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 (1.78%) of the amount at risk compared to the total budget execution in terms of payments related to the programming period 2007-2013 in 2016 within the Agency (EUR 2.8Mio / EUR 158.0Mio = 1.78%) or 0.43% compared to the total budget execution in terms of payments in 2016 within the Agency (EUR 2.8 Mio/EUR 647,3 Mio = 0.43%)
Responsibility for the weakness	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.
Responsibility for the corrective action	The Agency will, like in previous years for LLP Programme, thoroughly analyse the (most recurrent) errors found through the latest batches of audit reports and, if necessary, implement additional actions in the course of 2016 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. 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 not be visible, as these projects will only come to audit after 2016. Therefore it is probable that the impact of actions taken will only be visible for the new programming period audits.

Reservation for the Youth in Action programme 2007-2013

N°	Title	Type (Financial or Reputational)	2016 amount at risk (in million euros)	ABB amount concerned in 2016 i.e. scope (in million euro)
1	Youth in Action 2007-2013	Financial	EUR 0,1 million euros or 133K€	EUR 0.4 million euros

DG/service	EACEA
Title of the reservation, including its scope	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 Programme 2007-2013
Domain	Direct management – grants
ABB activity and amount affected ("scope")	Youth in Action programme (2007-2013) 15 02 53 Scope: € 419,470
Reason for the reservation	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 programme 2007-2013 is 3.36%. 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 2.96%.
Materiality criterion/criteria	The materiality criterion in terms of the legality and regularity of underlying transactions of 2% of the ABB activity was breached.
Quantification of the impact (= actual exposure)	The 2016 amount at risk is calculated for the Youth in Action programme concerned by multiplying the value of the grants closed (i.e. balance payment + related cleared pre-financing) in 2016 for which a final payment was made in 2016 by the multiannual detected error rate and taking into account corrections on the audited population during 2016. It amounts to EUR 0.133 Mio (2.96% times EUR 4.7 Mio minus EUR 6 K).
Impact on the assurance	Although the materiality is above 2% for the legality and regularity of the financial transactions at stake under the Youth in Action programme 2007-2013 resulting in this reservation, its effect on the overall declaration of assurance is limited given the weight (0.084%) of the amount at risk compared to the total budget execution in terms of payments related to the programming period 2007-2013 in 2016 within the Agency (EUR 0.133Mio / EUR 158.0Mio = 0.084%) or 0.021% compared to the total budget execution in terms of payments in 2016 within the Agency (EUR 0.133 Mio/EUR 647,3 Mio = 0.021%)
Responsibility for the weakness	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.
Responsibility for the corrective action	The Agency will, like in previous years for LLP Programme, thoroughly analyse the (most recurrent) errors found through the latest batches of audit reports and, if necessary, implement additional actions in the course of 2016 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. 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 was not visible, as these projects will only come to audit not before 2016. Therefore it is probable that the impact of actions taken will only be visible for the new programming period audits.

2.2 Other organisational management dimensions

2.2.1 Human resource management

A. Human Resources

With 442 out of 466 posts occupied, the Agency is operating at nearly full capacity (95%). There are 6 vacant temporary agent posts (out of 110) and 18 vacant contract agent posts (out of 356). The workload indicators are currently being reviewed to ensure optimal use of resources with regard to planning and preparing for future re-alignments of the Agency's focus within its mandate.

The Agency currently has a gender balance of 67% female and 33% male colleagues. Of the 152 staff members who are either AD or FGIV – and excluding Heads of Units – 70% are women and 30% men. As for staff in middle management positions, including the Head of Department and the Heads of Unit, as of 31 December, 5 of a total 14 positions were occupied by women. This is in line with the annual target of 33% of management positions being held by women.

As far as selections are concerned, four panels were successfully finalised in 2016 (Project Advisor, Project/Financial Officer, HR Officer and Policy Analyst). 35 new colleagues were recruited and 40 colleagues took on new positions as a result of internal mobility. The staff turnover rate for 2016 was 5.6%. The '6 months later' initiative continued in 2016, where newcomers and colleagues who moved position within the Agency are invited for an interview with HR colleagues. The approach was strengthened to ensure a personalised follow-up in the short term, allowing for early feedback on best practices or re-adjustment in case of potential issues. In the medium term, a personalised career guidance session is foreseen after one year.

The appraisal and reclassification exercises for contract and temporary agents were launched and finalised in a timely manner in Sysper. Toolkits were developed for managers on how to deal with underperformance and on performance appraisals.



The Agency actively participated to the Career Day organised by DG HR on 15 November and shared a stand together with the other Executive Agencies.

The Steering Committee adopted, in line with the Commission, the new implementing rules on part time work and on telework. In addition, the Steering Committee agreed on the application of art. 24 of the financial regulation for the executive agencies to the 2016 EACEA establishment plan and took the decision on the non-application of the Commission Decision on the maximum

duration for the recourse of non-permanent staff (Art. 110.2 SR).

B. Staff satisfaction survey 2016

In 2016 EACEA participated in the Commission's Staff Satisfaction Survey, with a response rate of 48%. Overall the survey results for EACEA are positive; colleagues are satisfied with their workplace, their well-being and with middle management. Improving on 2014's survey, more colleagues have a clear understanding of the Agency's purpose and take pride in their work. These results can in part be attributed to successful lunchtime conferences organised by operational units, as well as to the Agency's 10 year anniversary celebration in April which brought staff together in feeling proud of what has been accomplished. EACEA scored 65% in staff engagement, above the score of the parent DGs. This shows that Agency staff is increasingly committed to quality work, have a good understanding of what is expected from them at work, feel their opinions are valued and follow the correct training and development opportunities provided by managers. Those areas which scored lower, such as mobility and the management of career paths are already being addressed with dedicated trainings to allow staff to develop new skills. In addition, the Agency is committed to supporting staff in on-going discussions concerning mobility. The report detailing the results of the Survey was published in January 2017.

C. Training

With an annual average of almost 4 days of formal training days per staff member (3,35 days + ca. 15-20% representing trainings in EU Learn, for which the data is not yet available), the Agency is above its target of 3,5 days. Taking into consideration the impact of the lack of room availability for in-house training in the second half of 2016 due to the Agency move, and of the transition from Syslog to EU Learn, this is a great success. The introduction of the new learning management system (EU Learn) required not only an effort on the technical side but also the adaptation of internal procedures and a real cultural change, as managers took on a central role in the approval of trainings. The phasing out of Syslog was successfully finalised and since September 2016 all EACEA courses are being managed via EU Learn, well ahead of other Institutions. A successful communication and information campaign ensured the smooth transition.

17 Lunchtime conferences were organised, with an average of 48 participants. This surpasses the annual target of 12 conferences, and particularly considering the logistical issues encountered from September on, can be considered a success. In addition 21 videos on key topics for staff were produced. The Director generally monthly released a video on the main decisions taken and important events.

D. Knowledge Sharing

Significant progress has been made during 2016 with regards to the internal priority given intended to the enhancement of knowledge sharing and good practice in order to support professional development and engender a Learning Organisation.

A Knowledge Management (KM) strategy was adopted by the management of the Agency in July 2016. The strategy is the result of the reflections carried out within the working group that was set up at the end of 2015; the ultimate aim was to instil a culture and practice of knowledge sharing in the Agency as part of the daily work.

Several meetings were held allowing the group to develop a common understanding as to what the scope of the strategy should be; on this basis, ideas were generated and discussed, and a list of actions was finally agreed. Among the actions, those relating to the provision of feedback on programme management to the Commission are relevant to support the Agency's second priority for 2016.

In parallel to defining the strategy, the group proposed to carry out three pilots ('quick-wins') aimed at demonstrating the value of using KM techniques and supporting the development of a culture of sharing. Among these the Job Shadowing pilot project was successfully launched in October and saw the participation of 34 staff members in the first pilot exercise that will run until

March 2017. A community of practice focusing on the management of designated bodies was also launched to test the value of bottom-up initiatives, aimed at fostering knowledge sharing. Awareness of participatory leadership methods was also boosted and it is being increasingly used across the Agency for multiple purposes.

The work on this priority has produced tangible results:

- More intra-unit sharing: units have started paying more attention to value of knowledge sharing and have created opportunities by fostering peer-to-peer learning, using IT tools to support the exchanges, exchange of experiences (such as missions) etc.
- More inter-unit collaboration: several lunch-time conferences have been organised by the units; representatives of some units have participated in other units' meetings to exchange knowledge on certain topics; colleagues have also been invited to external events organised by other units;
- More systematic exchange with the mirror units: breakfast and lunch-time conferences, participation of the mirror units in Agency-unit meetings, etc.
- More systematic exchange with external stakeholders such as beneficiaries, National Agencies, CE-Desks, NEOs
- Increasingly widespread use of Participatory Leadership techniques both for internal work (unit meetings, working groups, etc.) and for work with stakeholders (e.g., Erasmus Mundus conference organised by A3 in June)
- Increasing use of technology to support exchange and sharing, both internally and externally (NING and Yammer with experts, Sharepoint for internal use, etc.)

These actions proved to be valuable in terms of sharing good practice and expertise as well as peer-learning between the colleagues. Discussions revealed that many activities being carried out were inspiring and could be replicated by different units.

Overall, the actions taken at Agency, unit and individual level have had an important effect in developing a culture of sharing. We observe that both staff and management are paying more attention to knowledge sharing when organising events or activities which would have taken place anyway. This is an important step forward.

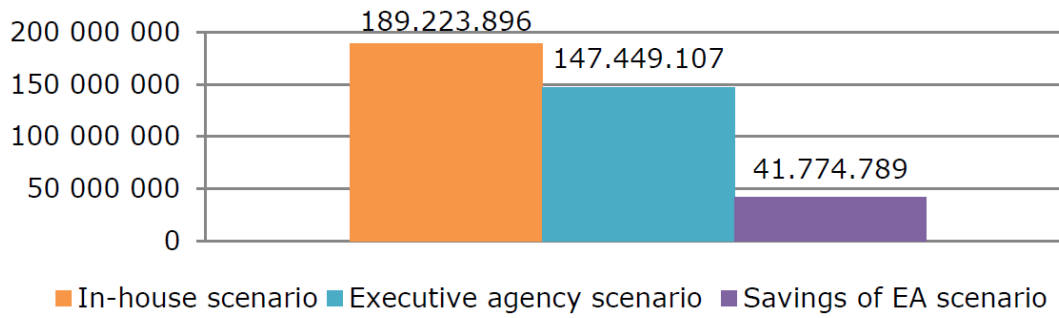
In 2017 the Agency will further reflect on the specific features a collaborative platform would need in order to provide to support and bring the overall strategy forward. Moreover, a dedicated reflection with the parent DGs will lead to an extension of the KM strategy to the parent DGs, which will clearly support the Agency's priority to enhance the feedback to the Commission.

E. Conclusions of the 3rd Interim Evaluation (2012-2014)

The Agency's actual costs during the evaluation period were lower than was estimated in the initial financial statements made at the time of its creation in 2006, even with the Agency taking on new actions and the extension of its mandate beyond the originally foreseen timeline. In 2012-2014 the actual administrative budget implemented by EACEA amounted to EUR 136 Mio based on the EU contribution and was some 9.7% lower than the administrative budget estimations in the respective financial statements (EUR151 Mio).

The management and execution of programmes by the Agency was found to be cost effective compared to the in-house (Commission) scenario. In 2012-2014 the estimated cost savings of the Executive Agency scenario were EUR 41.8 million (22%). These savings resulted primarily from a higher share of lower cost external personnel (CAs) employed within the Executive Agency and a lower number of staff in 2014.

Estimated savings of the executive agency scenario in 2012-2014, EUR



Source: PPMI based on the EACEA's data.

The evaluation confirmed that the organisational structure of the Agency was adequate to the tasks delegated. The Agency ran efficient human resource management processes and continued developing and engaging its staff adequately.

The improvements and simplifications detected 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 increasing use of electronic reporting). The review of recent changes in the Commission's executive agencies combined with EACEA's good practices confirmed that the Agency was results-orientated and engaged in continuous learning and improvement of its efficiency.

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.

Based on the evaluation findings and conclusions, the 9 recommendations to improve the EACEA's performance were suggested either to the Agency, either to the Commission or to both. It touches various domains such as the external communication, Performance monitoring framework and efficiency indicators or Staff performance, satisfaction and motivation. The Steering Committee adopted the action plan on 24 February 2017.

2.2.2 Better regulation

Not applicable

2.2.3 Information management aspects

Document management policy is well implemented in conformity with Commission's e-Domec policy. 100% of documents are filed according to the e-Domec rules and 99.9% of HAN files are accessible by all units. Staff are regularly informed and updated on new releases, e-Domec rules, archiving and paperless policy, which requires systematic organisation. The main objective of 2016 was the electronic archiving of files. Almost 5.000 files that were closed between 2011 and 2013 have been prepared, scanned and uploaded by the external IRIS scanning team and the e-Domec team. It is 3 times more than 2015. This important task will continue during the first semester 2017 as the move of the Agency to the EC quarter will be finalised.

In addition, the document management team worked in collaboration with the rest of the Agency on developing a paperless culture. Guidelines and good practices on going paperless will be elaborated upon in 2017.

2.2.4 External communication activities

Reinforcing a culture of feedback has been a priority for EACEA in 2016. The collection, analysis and reporting of feedback from events has been streamlined and a systematic approach has been developed and tested for all Infodays as well as several smaller events.

EACEA has continued to keep applicants and potential applicants informed about funding opportunities, primarily through the Agency website. The number of visits stays at approximately 3 Mio, the number of unique visitors at approximately 2 Mio. Given that the programmes EACEA manage are now well established and as the EACEA website is not promotional, an increase in visitors is not to be expected. In 2017, the change to a new web analytics tool (PIWIK) should help provide more relevant qualitative user-based data but the data will not be comparable with data collected by the current tool. On-going site improvements continued to ensure users can access and understand information quickly and easily. A permanent survey inviting user feedback about the website has been introduced. So far only a small percentage (0.5) of users have indicated that they have encountered difficulties in finding the information they were searching for, but a full analysis will be possible in 2017. EACEA has cooperated very closely with the Digital Transformation team. A first phase in the streamlining of our internal publication request system was carried out to ensure the timely and accurate publication (a total of 1.346 requests) of calls, results and related programme information. Erasmus+ content was redrafted to make it clearer and more user-friendly. Two online tutorials were published on the Erasmus+ programme: one on the international dimension, and a second on 'How to prepare a competitive proposal'.

The Agency responded to over 1.700 requests received via EACEA website, mainly for, Creative Europe funding opportunities and Erasmus+ scholarships or Joint Masters Degrees. EACEA welcomed 14 visitors in the framework of the EUVP and 8 groups, totalling 133 participants.

40 events, ranging from Infodays to smaller events, were organised in 2016. In response to feedback from participants, two key measures were taken to improve participant engagement, namely the use of the ConnexMe event networking app and a move towards a more participatory approach. Where possible, web-streaming was used to allow for remote participation. Collaboration with the social media pages of parent DGs allowed key messages to reach a wider audience, and facilitated the promotion of the programmes managed by EACEA.

Several brochures (reports, studies) and leaflets were produced. These range from brochures, such as The Creative Europe Networks brochure presenting activities implemented by the 23 Networks, to more simple information leaflets produced on Erasmus+: Sport small collaborative partnerships. The EACEA brochure was also updated. All publications are disseminated via the EACEA website and at appropriate events. In addition, a limited amount of promotional materials were produced (pens, folders etc.), notably for the Intra Africa Mobility Scheme and for Erasmus+. These were distributed at events and to visitors.