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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE COURT OF AUDITORS

Evaluation of the Consumers, Health, Agriculture and Food Executive Agency, the Educational, Audiovisual and Culture Executive Agency, the Executive Agency for Small and Medium-Sized Enterprises, the European Research Council Executive Agency, the Innovation and Networks Executive Agency and the Research Executive Agency

{SWD(2025) 87 final} - {SWD(2025) 88 final} - {SWD(2025) 89 final} - {SWD(2025) 90 final} - {SWD(2025) 91 final} - {SWD(2025) 92 final}

Glossary

Term or acronym	***Meaning or definition***
Agencies	Executive agencies
CBA	Cost-benefit analysis
CHAFEA	Consumers, Health, Agriculture and Food Executive Agency
CINEA	European Climate, Infrastructure and Environment Executive Agency
Commission	European Commission
EACEA	Education, Audiovisual and Culture Executive Agency
EASME	Executive Agency for Small and Medium-Sized Enterprises
EISMEA	European Innovation Council and SMEs Executive Agency
ERCEA	European Research Council Executive Agency
EU	European Union
HADEA	Health and Digital Executive Agency
HR	Human resources
INEA	Innovation and Networks Executive Agency
IT	Information Technology
REA	Research Executive Agency
SFS	Specific financial statement
TFEU	Treaty on the Functioning of the European Union

1. INTRODUCTION

To achieve its goals the European Union supports a wide field of policy areas through a range of funding programmes. The programmes provide grants and other forms of funding for Member States, businesses, researchers, non-governmental organisations and others.

In accordance with Article 317 of the Treaty on the Functioning of the European Union (TFEU), the Commission is responsible for implementing the EU budget. In accordance with Article 62 of the Financial Regulation[1], the Commission implements the budget in various ways: directly, under shared management with Member States or indirectly by entrusting budget implementation tasks to third parties (such as non-EU countries, Member State organisations, international organisations, public-private partnership bodies).

Following the adoption of Regulation 58/2003[2], the Commission decided that it would be more effective and efficient to delegate the management of certain implementation tasks for some directly managed programmes to its executive agencies. Over time, the Commission delegated an increasing number of EU funding programmes to these agencies. This has enabled it to focus on its core institutional tasks.

Executive agencies are Union bodies with legal personality implementing the EU funding programmes, managing some or all the phases of the lifetime of projects, carrying out the necessary checks to that end and implementing the related budgets. They are autonomous bodies under the supervision of the Commission.

The outsourcing of management tasks to the executive agencies however needs to stay within the limits set by the institutional system as set out in the TFEU. This means that tasks assigned to the institutions by the TFEU that require discretionary powers in translating political choices into action cannot be outsourced. Outsourcing should, moreover, be subject to a cost-benefit analysis.

The operation of each executive agency is evaluated every 3 years to assess whether it functions well and whether the results anticipated in the *ex ante* cost-benefit analysis have been achieved[3]. This report covers the evaluations of the six executive agencies entrusted by the Commission with programme implementation under the 2014-2020 multiannual financial framework:

- Consumers, Health, Agriculture and Food Executive Agency (CHAFEA)[4]
- Education, Audiovisual and Culture Executive Agency (EACEA)[5]
- Executive Agency for Small and Medium-Sized Enterprises (EASME)[6]

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1 Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union.

2 Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes, OJ L11, 16.1. 2003, p.1 http://data.europa.eu/eli/reg/2003/58/oj

3 Art 25 of the Council Regulation (EC) No 58/2003 of 19 December 2002

4 Commission Implementing Decision 2013/770/EU of 17 December 2013 establishing the Consumers, Health and Food Executive Agency, as amended by Commission Implementing Decision 2014/927/EU

5 Commission Implementing Decision 2013/776/EU of 18 December 2013 establishing the Education, Audiovisual and Culture Executive Agency

6 Commission Implementing Decision 2013/771/EU of 17 December 2013 establishing the Executive Agency for Small and Medium-sized Enterprises

- European Research Council Executive Agency (ERCEA)[7]
- Innovation and Networks Executive Agency (INEA)[8]
- Research Executive Agency (REA)[9]

The exact evaluation period varies per agency as they were created at different dates. For CHAFEA, INEA and EASME the individual evaluations cover the period from 2017 to 2021, while for EACEA, ERCEA and REA they cover the period from 2018 to 2021.

The evaluations assessed whether each agency had fulfilled its tasks in an effective and efficient way, as well as if there were overlaps, gaps or inconsistencies in the management of its portfolio. It also examined whether there was a clear delineation of tasks between the agency and its parent Directorates-General or other executive agencies.

The evaluations included a retrospective cost-benefit analysis comparing the actual performance during the 3-year evaluation period with the expected performance in the *ex ante* cost-benefit analysis[10]. All evaluations were supported by external studies[11] that followed the same methodology and applied the Commission's better regulation principles[12].

The COVID-19 pandemic affected the operations of all executive agencies towards the end of their mandate. While they followed the Commission's guidelines in dealing with the pandemic, their activities had to be adjusted in terms of day-to-day working arrangements (e.g. digitalisation of processes, working from home and remote collaboration) and project management (e.g. project extensions or suspensions which led to amending and rescheduling of reviews and payments). This was also a crucial moment in preparing the next multiannual financial framework.

Overall, many of the areas for improvement suggested by the studies supporting the evaluation have already been addressed since the pandemic, and a new distribution of delegated programmes among agencies was proposed, aiming to ensure more consistency and to facilitate synergies and efficiencies.

As from 1 April 2021, new agencies were created under the 2021-2027 multiannual financial framework as successors of the agencies INEA, EACEA, EASME, REA and ERCEA. CHAFEA was wound up at the same time and a new agency – European Health and Digital Executive Agency (HADEA) – was created.

The evaluation of the six executive agencies allowed for a comparative analysis based on a set of qualitative and quantitative indicators, as further detailed below.

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7 Commission Implementing Decision 2013/779/EU of 17 December 2013 establishing the European Research Council Executive Agency

8 Commission Implementing Decision 2013/801/EU of 23 December 2013 establishing the Innovation and Networks Executive Agency

9 Commission Implementing Decision 2013/778/EU of 13 December 2013 establishing the Research Executive Agency

10 Cost-benefit analysis for the delegation of certain tasks regarding the implementation of EU programmes 2014-2020 to the executive agencies — Final report for the Commission of 19 August 2013.

11 Studies: CHAFEA; EACEA; EASME; ERCEA; INEA; REA

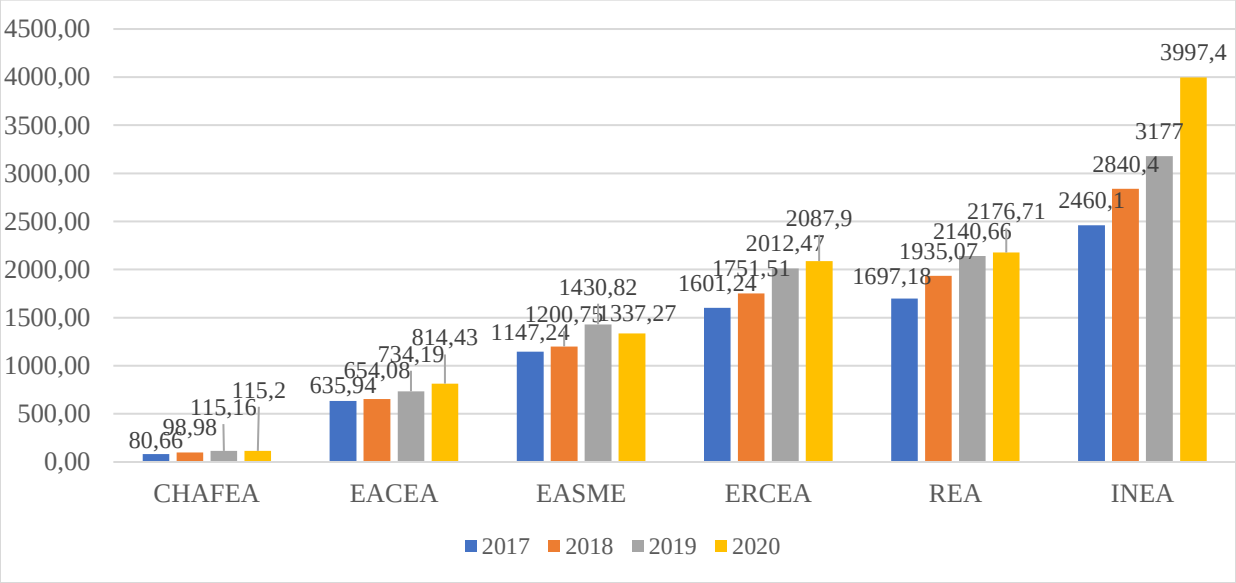
12 Commission's Better Regulation guidelines SWD (2021) 305 final and toolbox. The guidelines were applied in a proportionate way. There was no need to assess the evaluation criterions of 'EU value added' and of 'relevance' as the agencies carry out tasks, which the Commission has transferred to them and these criterions are assessed when evaluating the programmes.

2. OVERALL PERFORMANCE

Overall, all agencies implemented their delegated programmes efficiently and achieved good results for most of key performance indicators, while executing increasing operational budgets. Efficiency gains were pursued by agencies and were achieved via a wide range of action, from internal measures (reorganisations, simplification of processes and procedures) to more corporate and cross-cutting actions, such as the consolidation of validation services for all programmes in REA and the introduction of simplified rules and procedures for Horizon 2020[13]. The continuous improvement of both local and corporate IT tools also improved the agencies' efficiency.

The increase in the agencies' operational budgets during the analysed period is presented below. The biggest growth between 2017 and 2021 occurred at INEA (62%) and at CHAFEA (42%), while the smallest increase was at EASME (17%).

Operational budget (million EUR) in terms of payments across the agencies during 2017-2020



Source: Study supporting the triennial evaluations of executive agencies

The indicators for executive agencies relate to financial management, in particular to timely evaluation of the proposals and grant finalisation (time-to-inform, time-to-grant and timely execution of payments). Agencies met most of the indicators related to grant management and financial management although some deviations were registered, as further detailed in the staff working documents accompanying this report.

The COVID-19 pandemic brought additional challenges in project management and the agencies demonstrated flexibility in their response, by constantly monitoring, adjusting their procedures and implementing new funding measures[14] to respond to the needs emerging from the pandemic.

[13] Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)

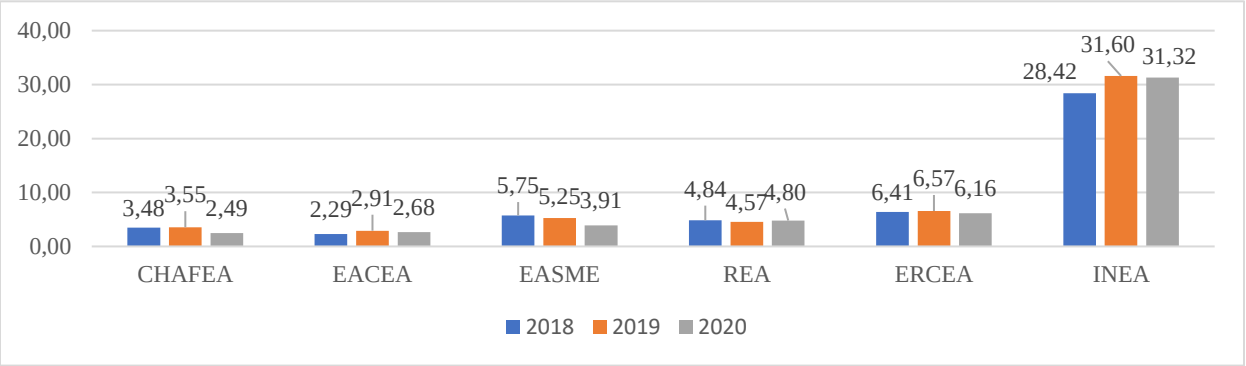
[14] In case of CHAFEA

In such circumstances, some agencies even succeeded in improving their performance on some specific aspects. For instance, REA and INEA increased the share of payments made by the contractual deadline and ERCEA simplified its grant amendment procedure.

Minor delays in implementing delegated actions were also observed due to the outbreak of the pandemic. In case of REA, the share of grants concluded within the time-to-grant target decreased by 2 percentage points in 2020 to reach 98%, as applicants requested additional time for their consortia to complete the necessary administrative obligations before signing the grant agreement. For EASME, some examples of these delays were the extension of project delivery dates or adjustment of deliverables where the pandemic restrictions made delivery impossible. Other activities were added and impacted the workload, such as the EIC's pan-European Hackathon to meet the COVID-19 challenges, or the supply chain of advisory services put in place by the Enterprise Europe Network. In the case of EACEA, the delays due to pandemic are linked to the intrinsic nature of the programmes (young people studying abroad or culture/audiovisual projects).

In terms of budget per operational staff member, INEA has achieved the highest value compared to other agencies. This was because it had bigger grants on average under the Connecting Europe Facility programme (CEF)[15]. The agencies implementing research programmes achieved better results than EACEA and CHAFEA. In the case of EACEA this was due to the complexity and diversity of its programme portfolio, the diverse nature of its applicants and beneficiaries, high volume of applications and grants, as well as their small average size. In CHAFEA's case, this was due to the small size of the agency, the diversity of its programme portfolio, the lack of complementary activities and synergies.

Budget per operational staff member (full time equivalent)' in commitments (million EUR) across the agencies, 2018-2020



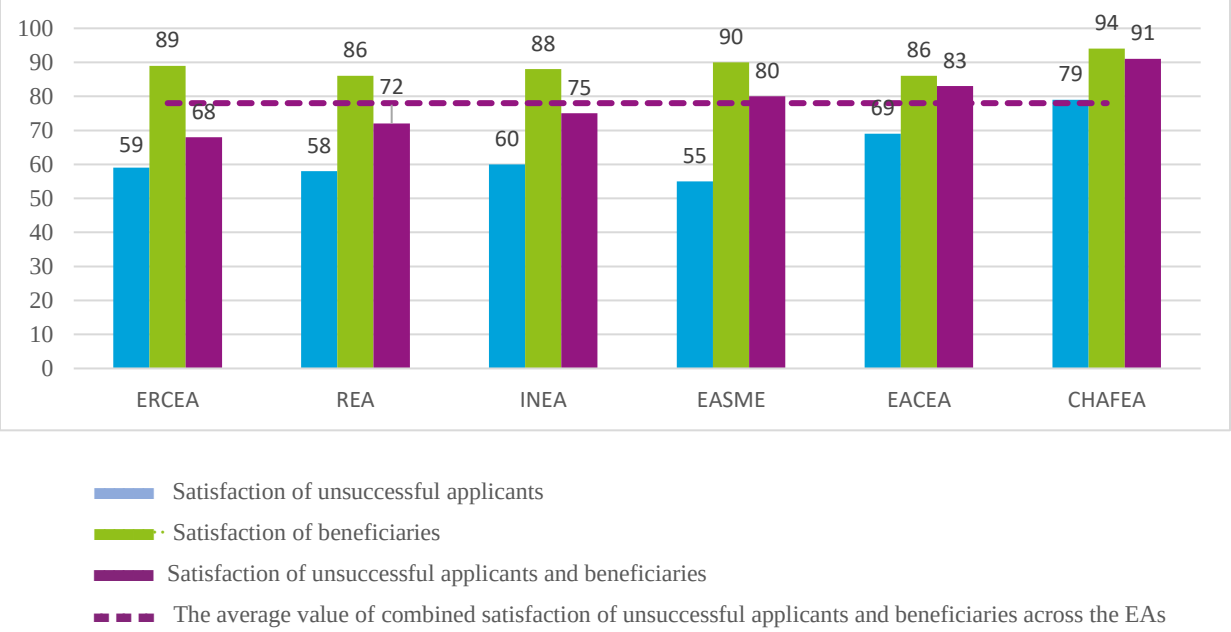
Source: Study supporting the triennial evaluations of executive agencies

The overall quality of services provided by agencies was positively rated by beneficiaries (between 86% to 94%)[16] and experts (between 92% to 99%) and to a lesser extent by unsuccessful applicants (between 55% and 79%), as detailed further below:

[15] Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility

[16] The range of percentage represents the smallest and the highest percentage of positive answers for each respective category of respondents.

Satisfaction rate of unsuccessful applicants and beneficiaries across all agencies



Source: Study supporting the triennial evaluations of executive agencies

With regard to the legality and regularity of transactions, the Commission establishes the research framework programmes and internal control strategies and is in charge of the selection of participations to be audited as well as defining the intensity of the *ex post* audit tests to perform. The residual error rates were below the threshold for most parts of the delegated programmes. However, some agencies registered error rates above the threshold for certain parts of programmes – such as REA for space, security and SME actions under the Seventh Framework Programme[17], which can be largely attributed to the complexity of this scheme.

In the case of EASME, the residual error rate threshold was systematically exceeded for CIP-IEE II and CIP-Eco-Innovation[18], as well as for COSME[19] in 2018 and 2020. But mitigating actions were taken, such as better informing beneficiaries and improving *ex ante* control mechanisms.

For INEA, residual error rates exceeded the pre-set targets for CEF Telecom in 2019 and 2020, due to a high incidence of NGO and SME participation, a high percentage of personnel costs among the declared costs and the limited use of certificates on financial statements.

[17] Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013)

[18] Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing a Competitiveness and Innovation Framework Programme (2007 to 2013)

[19] Regulation (EU) No 1287/2013 of the European Parliament and of the Council of 11 December 2013 establishing a Programme for the Competitiveness of Enterprises and small and medium-sized enterprises (COSME) (2014 - 2020)

CHAFEA had a high residual error rate for the Public Health Programme[20] in 2019 as a result of one *ex post* audit leading to a high recovery amount (of about EUR 75 000 and over 50% of the EU contribution) that was included in the sample. ERCEA and EACEA did not have residual error rates above the threshold during the evaluation period.

All agencies set up and continuously updated their internal control processes to ensure that any risks related to the legality and regularity of the underlying transactions were adequately managed. INEA established an overarching control strategy with a large number of control and reporting mechanisms. This allowed to closely monitor progress against objectives and to prevent and mitigate potential risks to its operations in a timely and effective way. REA and ERCEA also improved their operations and took remedial measures to address the observations or recommendations made in the annual reports of the European Court of Auditors and any other audit reports.

EACEA launched an in-depth revision of its internal control system and made consistent improvements throughout the evaluation period to address the audit recommendations received. In this respect, EACEA also implemented the 'EACEA Transformation Project' and achieved internal synergies by centralising certain business processes and procedures across programmes in horizontal support units. This gave the opportunity to carry out a substantial internal mobility exercise to support career development and the best use of staff competencies. By the end of the evaluation period, EACEA demonstrated an effective and reliable internal control system aligned with the principles of sound financial management.

EASME appropriately addressed any matter identified during the evaluation period, such as the update of its policy on sensitive posts[21] and reported on this in subsequent annual activity reports[22].

CHAFEA systematically examined the available control results and indicators, as well as addressed the observations and audit recommendations. It continuously improved its financial management during the evaluation period, by compiling a consolidated multiannual control strategy over transactions, revising financial circuits, streamlining controls and workflows, developing and implementing its own anti-fraud strategy.

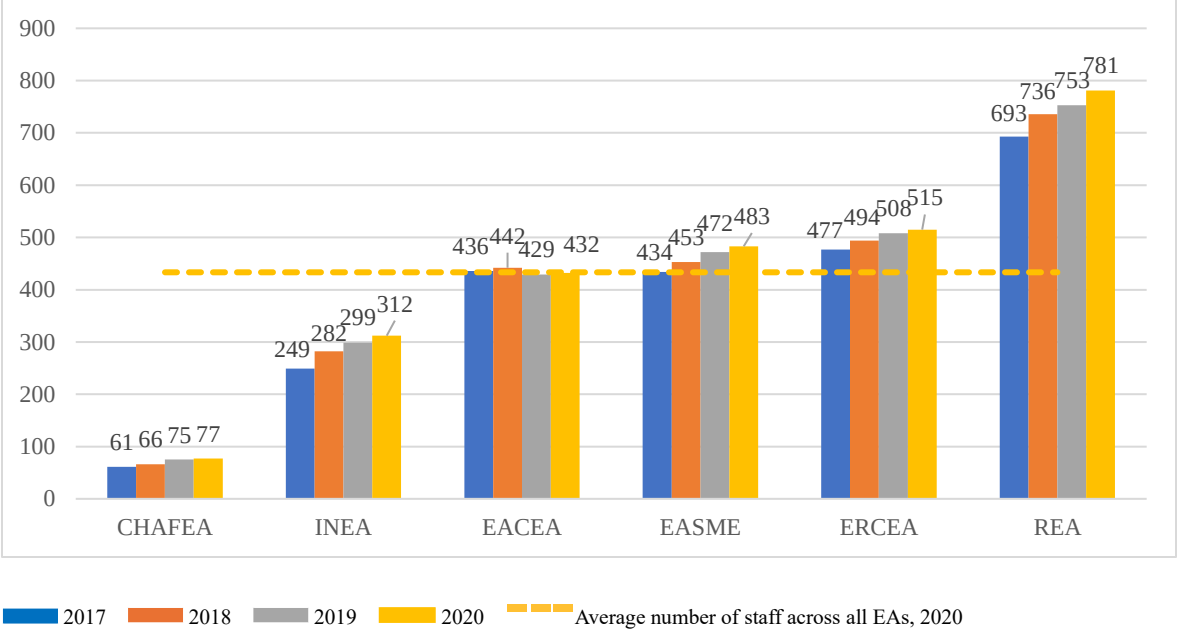
Throughout the evaluation period, the total number of posts filled increased in every agency (except for EACEA). The highest increase in staffing was noted at CHAFEA (from 61 in 2017 to 77 in 2020, or 26%) and INEA (from 249 in 2017 to 312 in 2020, or 25%). The great majority of the agencies' staff was allocated to programme implementation and only to a limited extent to support functions.

[20] Decision No 1350/2007/EC of the European Parliament and of the Council of 23 October 2007 establishing a second programme of Community action in the field of health (2008-13)

[21] 2018 audit of EU agencies in brief (europa.eu)

[22] Annual activity report 2019

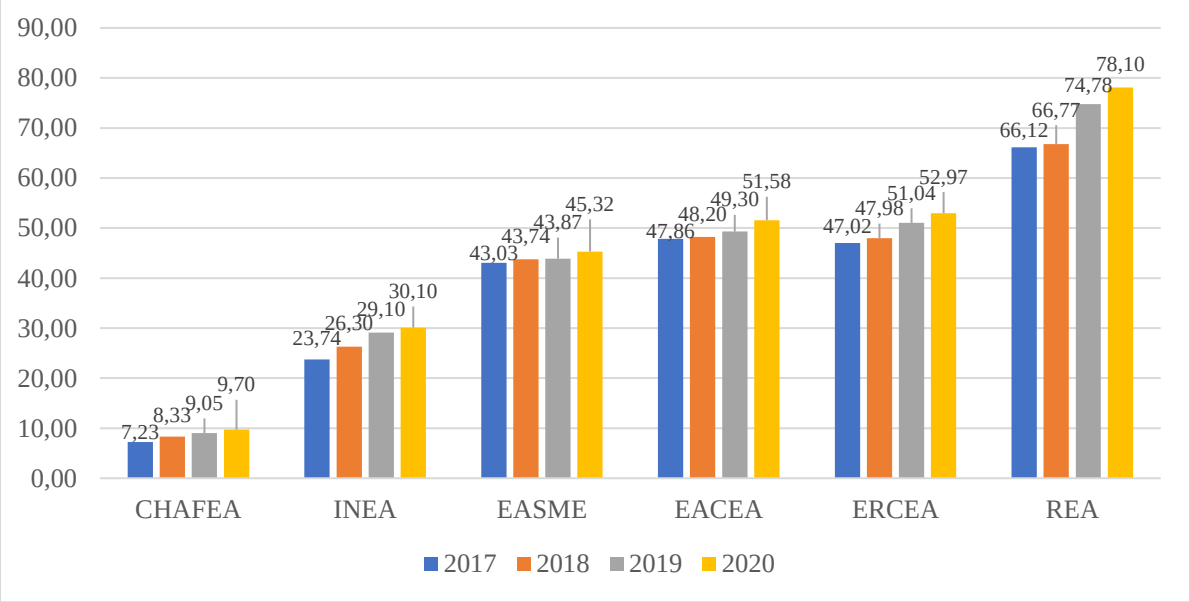
Number of posts (actually filled) across all agencies in 2017-2020



Source: Study supporting the triennial evaluations of executive agencies

The administrative budget increased for all agencies during the evaluated period, in line with the growth in operational budget. The biggest increases were in CHAFEA (34%)[23] and INEA (27%), while the smallest were in EASME (5%) and EACEA (8%).

Administrative budget (million EUR) in terms of payments across the agencies, 2017-2020



Source: Study supporting the triennial evaluations of the executive agencies

[23] This is explained by increases of similar size in (i) the operational budget managed and (ii) the agency staff.

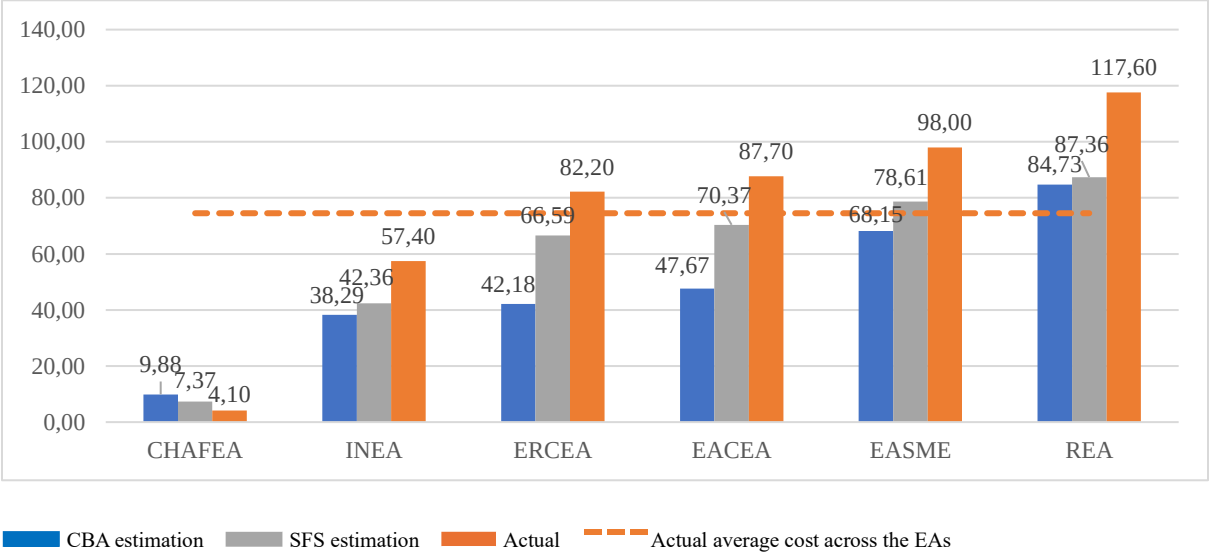
3. COST EFFECTIVENESS

The retrospective cost-benefit analysis analysed the extent to which each agency achieved its outcomes at a lower cost than would be the case with in-house management by the Commission.

The analysis revealed that the actual costs of the executive agency scenario were substantially lower than the estimated costs of the in-house scenario. As in the past evaluation[24], the actual savings for most of the agencies (with the exception of CHAFEA) exceeded the initial savings estimations to a large extent. The average actual savings across the agencies amounted to EUR 74.5 million.

CHAFEA achieved lower savings than initially estimated (EUR 4.1 million compared with EUR 7.37 million in the specific financial statement and EUR 9.88 million in the cost-benefit analysis). This is explained by CHAFEA's higher-than-estimated staff costs[25], which were not fully offset by lower-than-expected overhead costs (infrastructure and operating expenditure and programme support expenditure).

Savings during the 2017/2018-2021 evaluation period, estimated vs actual (million EUR) [26]



Source: Study supporting the triennial evaluations of executive agencies

[24] Report from the Commission COM (2020)184

[25] The higher staff costs of CHAFEA can be related to: (i) its location in Luxembourg, a region with higher living costs, which required the agency to offer higher-grade positions to attract suitable candidates; (ii) the need to manage several programmes in parallel, requiring more specialised staff; and (iii) the small size of the agency, which increased the impact of higher-paid staff (middle and top management) on the average salary, as compared with other agencies.

[26] This graph illustrates the savings by all agencies, for the purpose of comparability among them. However, in case of REA, its mandate was further extended in 2018 and the initial cost-benefit analysis of 2013 did not consider this change in its tasks and workload.

However, the study supporting the evaluation also revealed the higher actual cost under staff-related expenditure (Title I) compared with the initial estimates as a common feature across agencies. This happened despite the actual number of staff and the composition of staff financed from the EU contribution being within specific financial statement estimates.

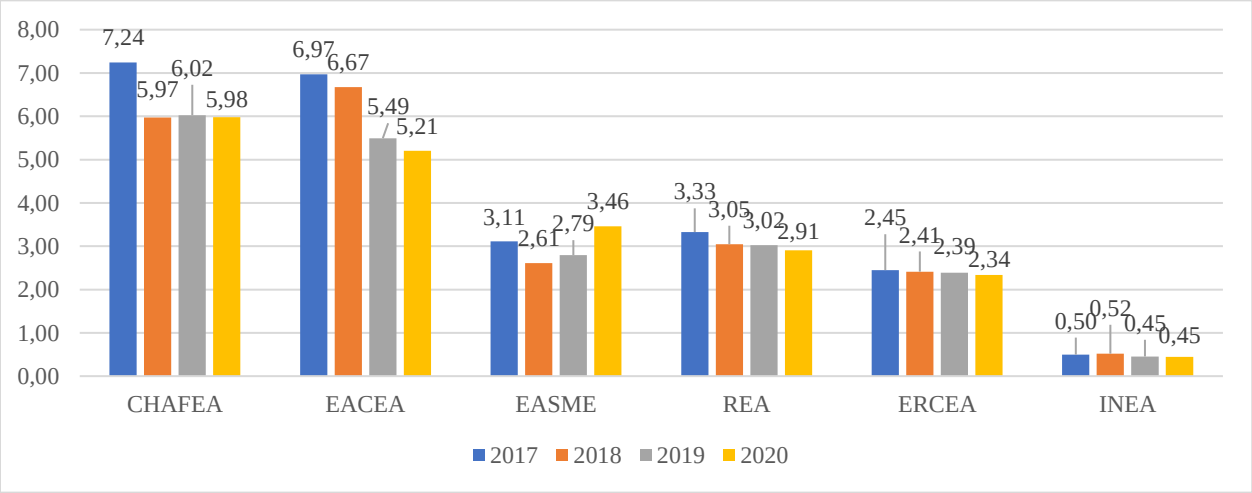
This increase is due in part to the fact that the initial cost estimates did not fully anticipate the salary indexation, promotion and increasing staff needs. Furthermore, the actual average staff cost of the agencies was higher than the average staff cost estimated, partly due to having higher-graded staff (with more IT skills), which allowed the agencies to concentrate resources on more content-related tasks (a fact seen in REA's evaluation) or due to the need for specialised staff to manage several programmes in parallel (in CHAFEA) or simply to maintain the attractiveness of working at the agency, due to the higher living costs in Luxembourg (for CHAFEA).

The higher staff expenditure under Title I was offset by lower actual expenditure under Title II - *Infrastructure and operating expenditure* and Title III - *Programme support expenditure*.

Another indicator that measured the cost-effectiveness of agencies is the programme management cost representing the ratio between the administrative and operational budget in terms of executed commitments. The evaluation demonstrated that most agencies became more cost efficient over time – with the exception of EASME, for which the ratio increased from 3.11% in 2017 to 3.46% in 2020 but remained close to the average ratio of 3.39% and below the target of 5.5%.

The most significant improvement in the costs of programme management occurred at EACEA and CHAFEA, where the ratio improved, respectively, by 1.76 percentage points (from 6.97% in 2017 to 5.21% in 2020) and by 1.26 percentage points (from 7.24 % to 5.98 % during the same period). However, these agencies had a higher programme management cost compared with the average ratio of 3.39% across all agencies in 2020.

Programme management cost (ratio between the administrative and operational budget in terms of commitments) across all agencies, 2017-2020



Source: Study supporting the triennial evaluations of executive agencies

4. COHERENCE

As mentioned above, agencies were assessed to be cost-effective structures for managing the programme implementation, compared with an in-house scenario. But the portfolio of some agencies consisted of diverse programmes (EACEA, EASME, INEA, CHAFEA) or the same programmes but across a diverse subject spectrum (REA, ERCEA).

This generated a complex working environment (high workload and administrative burden, differing rules and procedures, coordination with a high number of parent Directorates-General) and limited the possibilities for improvements to programme management and the exploitation of synergies and complementarities. As a consequence, reducing the breadth of their portfolio was also necessary as was done in the current multiannual financial framework.

Overall, for all agencies and all delegated programmes, the evaluation revealed a clear and appropriate delimitation of roles between them and their parent Directorates-General and no overlaps were identified, in line with the legal framework and the memorandum of understanding.

In the case of CHAFEA, an internal audit service report[27] identified as an area for improvement the delineation of tasks involving high-level missions. This was addressed by internal guidance developed in 2018 by CHAFEA and the Directorate-General for Agriculture and Rural Development. Further measures were put in place during the transfer of the portfolio for the Promotion of Agriculture Products Programme[28] from CHAFEA to REA, via revised cooperation guidelines and the development of a dedicated memorandum of understanding with specific requirements for the implementation of (i) information provision and (ii) promotion measures for agricultural products.

In terms of common, cross-cutting issues, the evaluation identified the need to develop a structured framework for systemic provision of feedback to policy, in combination with a mechanism for addressing individual policy requests. This topic was addressed under the current multiannual financial framework.

5. CONCLUSION AND LESSONS LEARNED

Overall, the agencies have proven to be cost-effective structures for implementing EU funding programmes, generating significant savings when compared with the in-house scenario. They have achieved their core objectives and met most of the key performance indicators. Their main stakeholders appreciated their services, as demonstrated by their high level of satisfaction.

Several lessons learned and areas for improvement were identified for each agency as further detailed in the staff working documents accompanying this report. Most of the lessons learned were addressed in the delegation of programme implementation under the 2021-2027 multiannual financial framework and will be assessed in the next triennial evaluation of the successor agencies for the 2021-2024 period.

[27] Final Audit Report on CHAFEA's management and control system for the implementation of the measures for the promotion of agricultural products - 15/09/2017

[28] Regulation (EU) No 1144/2014 of the European Parliament and of the Council of 22 October 2014 on information provision and promotion measures concerning agricultural products implemented in the internal market and in third countries