

Directorate General for Health and  
Consumers

**1st interim evaluation of the  
Public Health Executive  
Agency (Executive Agency)  
(EAHC since July 2008)**

Final report

December 2010



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## Abbreviation list

Abbreviation	Full name
AAR	Annual Activity Report
ABB	Activity Based Budgeting
AMP	Annual Management Plan
AWP	Annual Work Plan
CA	Contract Agent
CBA	Cost Benefit Analysis
CoA	Court of Auditors
DG	Directorate General
DG ADMIN	DG Personnel and Administration
DG BUDG	DG Budget
DG EAC	Directorate General for Education and Culture
DG ECFIN	Directorate General for Economic and Financial Affairs
DG SANCO	Directorate General for Health and Consumers
EA	Executive Agency
EACEA	Executive Agency for Education, Audiovisual and Culture
EACI	Executive Agency for Competitiveness and Innovation
EAHC	Executive Agency for Health and Consumers
EC	European Commission
ERC	European Research Council
EU	European Union
EUR	Euro
FTE	Full Time Equivalent
HP	Health Programme 2008-2013
HR	Human resources
NFP	National Focal Point
NPV	Net Present Value
Executive Agency	Public Health Executive Agency
PHP	Public Health Programme 2003-2008
REA	Research Executive Agency

Abbreviation	Full name
SLA	Service Level Agreement
TA	Temporary Agent
TAO	Technical Assistance Office
TAO	Technical Assistance Office
ToR	Terms of Reference
TEN-T EA	Trans-European Network Executive Agency
TAO	Technical Assistance Office

# 1 Executive summary

## 1.1 Introduction

The Executive Agencies are Community programme management tools that have been created to replace previous management schemes (such as Technical Assistance Offices – TAO and Community programme management by the European Commission Directorates Generals). The reason that led to the creation of Executive Agencies was the optimisation of Community programmes management in terms of financial accountability and management of public funds and compliance with European Commission rules and procedures. In 1999-2000, the European Commission created the concept of Executive Agencies and defined the legal setup (Council Regulation 58/2003), tasks and organisational structure.

Before the creation of Executive Agencies, the management and implementation of the Public Health Programme (PHP) 1996-2002 were allocated to TAO with 45 full-time staff based in Luxembourg. Following this, DG SANCO decided to create an Executive Agency and transfer part of the PHP management to the Public Health Executive Agency in order to separate policy design and institutional tasks from programme implementation and focus solely on institutional tasks as its mission statements require. In December 2004, DG SANCO established the PHEA and decided to allocate two thirds of the PHP projects managed by DG SANCO to an Executive Agency. The remaining one third remained under the responsibility of DG SANCO because these projects were considered of strategic importance, and DG SANCO wished to monitor them more closely. In 2006, the Agency became gradually operational and independent from DG SANCO. In 2007, the Executive Agency was fully autonomous.

The present evaluation is based on Article 25(1) of the Framework Regulation 58/2003 laying down the statute for Executive Agencies. According to the Framework Regulation, an external evaluation report on the first three years of operation of each Executive Agency (in this case, from spring 2006 to mid-2009) should be drawn up by the Commission and submitted to the Steering Committee of the Executive Agency, to the European Parliament, to the Council and to the Court of Auditors. The functioning and daily activities of the Executive Agency should be evaluated in order to conclude whether the Agency has managed to achieve its goals, whether it implements programmes according to sound financial management principles and whether it is the best solution in

monetary and institutional terms for programme implementation. The report provides recommendations when necessary for various levels of the Executive Agency operations.

## 1.2 Methodology used in the analysis

The evaluation is structured on four evaluation themes namely relevance, effectiveness, efficiency and utility. Each of the evaluation themes includes a number of evaluation questions as set in the Terms of reference (ToR). Evaluation questions referring to cost efficiency are answered through a quantitative Cost Benefit Analysis (CBA) estimating the monetary cost of Executive Agency and the cost of alternative PHP management solutions. In addition, the CBA explores the consequences (qualitative and quantitative) of a possible closure of Executive Agency before the expiry of its mandate (as requested in the ToR). The contents of the evaluation themes are presented below:

- *Relevance*, the evaluation questions about relevance of the Executive Agency (both framework and resources) aim at examining the suitability of the Executive Agency to fulfil its mission, human resources allocation and recruitment.
- *Effectiveness* involves analyses of the achievements of the Executive Agency in programme implementation and management. In this context, it relates to issues such as Agency operations, achievement of objectives, quality of services to beneficiaries and the Commission, achievement of synergies and the Commission's contribution to the effectiveness of the programmes.
- *Efficiency* focuses on the added value produced by the Agency in relation to the costs of the Agency.
- *Utility* refers to the usefulness of the Agency to DG SANCO in improving its functions, such as development and design of a public health policy and knowhow development and maintenance in programme management.

The data collection methods and analytical methods used in the study are presented below.

- **Document review:** available documentation (see Appendix 1) was extensively used during all the stages of the study.
- **Organisational review:** organisational review is an exercise referring to the analysis of all the dimensions of the Executive Agency in terms of internal procedures, structure, interaction with other bodies and background.
- **Personal interviews:** personal interviews with DG SANCO officials, EAHC staff and National Focal Points (NFPs) were used to collect and verify information.



- **E-survey:** the e-survey addressed public health programme beneficiaries and applicants. The questionnaire of the e-survey (see Appendix 2) includes general questions to establish the identity and the background of the beneficiary<sup>1</sup> as well as questions addressing all phases of the project life-cycle, namely application, proposal selection and project management and implementation.
- **Benchmarking:** benchmarking was done through a desk review and desk study of available performance indicators.

### 1.3 Findings of the evaluation

#### Relevance

It is concluded that the Executive Agency is an appropriate set-up for managing the PHP for the period considered (spring 2006 to mid-2009). The tasks allocated to the Agency are in accordance the Council Regulation laying down the statute of Executive Agencies, and there is no evidence of contradictory or non-complementary elements in the mission statement of the Agency. In terms of human resources, the Executive Agency has faced shortages at the time of its establishment due to an imprecise estimation of the amount of human resources and posts needed. Progressively, the Agency has managed to increase its staff and partially respond to the lack of human resources. Although the Agency has been able to recruit staff with competencies tailored to its tasks, a relatively high staff turnover was observed. Staff turnover is attributed to a number of factors, such as salary levels, lack of career prospects in the Agency and high cost of living in Luxembourg. The staff turnover rate is a factor of instability for the Agency as it entails programme continuity risks, opportunity costs of staff replacement and loss of programme management knowhow in the organisation. However, the Agency has managed to reach operational targets despite the impact of staff turnover.

#### Effectiveness

The Executive Agency has been effective in managing the PHP as it has overall managed to put all procedures in place and achieve its annual goals as defined in the Annual Work Plan (AWP) in a timely manner. Specific cases of not achieving goals on time have been observed, but their impact is limited and has not jeopardised the implementation of the AWP and the programme in general. Since the day of its establishment, the Agency has managed to improve procedures and even introduce new elements in several parts of the proposal evaluation procedures and project implementation (e.g. new award criteria, negotiation procedure of proposals, reduction in payment and contract signature delays, increase of dissemination activities, etc). Further elements in this direction are the increased level of services provided to beneficiaries in terms of communication, and identification of best practices and lessons learnt for funding projects.

#### Efficiency

The findings from the CBA show a positive monetary benefit in favour of the Executive Agency when comparing programme management of the public

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<sup>1</sup> In the e-survey, the consultant will distinguish between main beneficiary and associated beneficiaries, their role, experience and relation to the Agency (contractual, payment etc).

health programme in the Agency to programme management within the Commission. In monetary terms, the calculated net present value of programme management by the Executive Agency amounts to EUR 5.14 million over its lifetime, compared with the Commission option. The calculation depends on the assumption that EAHC employs mostly contractual agents and the Commission predominantly officials. The calculation includes the costs of coordination and checks by the Commission, which amount to approximately 2 FTE per year or approximately EUR 0.2 million per year. The CBA further explores alternative management schemes in case the Agency is closed before the expiry of its mandate. The only evident alternatives for programme management during the time period assessed are internalization of programme management to the Commission or a merger of the present Agency with one of the five other Executive Agencies. In qualitative terms, the Executive Agency is efficient in managing the PHP. The efficiency of the Agency is attributed to the financial circuit applied, that is shorter than the one employed by the Commission, as well as to its organisation chart that is more in accordance with programme structure and task allocation in the organisation. Overall, since its establishment the Executive Agency has a positive impact in terms of service delivery and monetary costs compared with previous and alternative programme management options.

#### Utility

The rationale for the creation of the Executive was that the allocation of PHP projects to the Agency would free human resources in DG SANCO that could be reallocated within DG SANCO to policy work. At the time of the creation of the Executive Agency, DG SANCO decided not to transfer all projects to the Agency but to continue managing some projects that were considered of strategic importance. Consequently, after the creation of the Agency, DG SANCO continued being involved in PHP management. Indeed, the transfer of specific strands of the PHP and part of the relevant projects to the Executive Agency has freed resources in DG SANCO and offered the potential to focus more on policy tasks. However, this has been achieved only to a certain degree as DG SANCO did not use the full potential of the creation of the Agency and continued its involvement in PHP project management after the set up of the Agency. The Executive Agency had a positive impact on the content of the programme and planning of future AWP through the development of a number of activities targeted at closer interaction with programme beneficiaries (such as mapping of activities, Information Days in MS) and improving the added value of certain stages of proposal evaluation and project management. The risk to DG SANCO of losing knowledge of programme management and consequently of the link between the design of the PHP and AWP and PHP implementation is not present, as DG SANCO cooperates closely with the Agency and participates in many stages of proposal selection and project implementation. In addition, the secondment of DG SANCO officials in key posts in the Executive Agency creates a trained team in programme management at the disposal of DG SANCO.

## 1.4 Recommendations

Based on the findings and conclusions, the following recommendations are made:

- Periods of heavy workload and backlogs could be confronted by supporting project officers in the Executive Agency with external experts. The involvement of external experts under the supervision of the Executive Agency project managers in project monitoring could facilitate managing periods of heavy workload in the Agency. It is important to note that the above mentioned solution should be applied selectively and only when there is no alternative as it might have an impact on the operating budget of the programme and requires controls for conflict of interest and allocation of time for supervision from the Executive Agency project officers.
- It is concluded that the Agency faces challenges of staff retention, mainly attributed to the employment conditions for contractual agents in the Agency. Taking into account that other executive agencies are facing similar staff retention challenges and that employment conditions for contractual agents are identical in all executive agencies a possibility option is that the Commission revises employment conditions for temporary servants in all executive agencies.
- The number of objectives and priorities of the PHP and the size of projects is also related to the level of workload in the Executive Agency. Currently, the Executive Agency is funding projects in a wide range of topics. Reducing the number of programme priorities and funding of a lower number of projects with higher project funding could have a positive impact on the number of projects allocated per project officer as well on the impact and sustainability on the project itself. This issue is closely related to the evaluation of the PHP and on future decisions on European health policy (design and budget of the future PHP).
- Communication between DG SANCO and the Executive Agency regarding project result assessment and incorporation into future AWP could be improved by I) common terminology and common document formats on outcome assessment, utilisation and integration into policy development, II) working sessions for outcome assessment, utilisation and integration into policy development with the participation of DG SANCO policy officers and Executive Agency project officers.
- Another complementary analysis of projects would be to assess project results. This would be initiated by the Agency with the help of grant holders in order to inform SANCO on the value of projects.
- The current Agency is operating effectively and the current public health programme runs until 2013 and the mandate of the Agency until 2015. The Executive Agency should not be closed before the expiry of its current mandate. Closure of the Executive Agency before the expiry of its mandate could result in programme continuity issues and in higher monetary costs

than keeping the Executive Agency operational until the expiry of its mandate.

- A decision to merge the Agency with another executive agency or internalise the programme management to DG SANCO should be assessed depending on the size and design of the new public health programme for the financial perspective 2013-2020.
- Currently, the national focal points are an “unofficial” network linking Member States to the European health policy. There is still space for improving this network and increase capabilities and enhance its capacity for augmenting the programme literacy in relation to outputs at national level and interaction with potential applicants.

## 2 Introduction and methodology

### Background and purpose

The Public Health Executive Agency (Executive Agency) was established by Commission Decision No 858/2004/EC of 15 December 2004 in order to manage the Community programme for public health. The initial lifetime of the Executive Agency was defined until end 2008 when the first public health programme expired. In June 2008, the lifetime and scope of the Executive Agency were extended to 2015 (Commission Decision N 544/2008/EC). After this decision, the Executive Agency was renamed the Executive Agency for Health and Consumers (EAHC)<sup>2</sup> and was assigned the implementation of the second public health programme (PHP) 2008-2013 as well as the implementation of the Consumer Programme and the Better Training for Safer Food Programme.

The present evaluation is based on Article 25(1) of the Framework Regulation 58/2003 laying down the statute for Executive Agencies. According to the Framework Regulation, an external evaluation report on the first three years of operation of each Executive Agency should be drawn up by the Commission and submitted to the Steering Committee of the Executive Agency, to the European Parliament, to the Council and to the Court of Auditors. The functioning and daily activities of the Executive Agency should be evaluated in order to conclude whether the agency has managed to achieve its goals, whether it implements programmes according to sound financial management principles and whether it is the best solution in monetary and institutional terms for programme implementation.

### Objective of the evaluation

The present report is the first interim evaluation of the Public Health Executive Agency (PHEA) / Executive Agency for Health and Consumers (EAHC) covering its performance in terms of relevance, effectiveness, cost efficiency and utility as well as a cost assessment. The evaluation covers the three operational years of the Executive Agency from spring 2006 to mid 2009. The report includes a cost calculation of the public health programme implementation by the Executive Agency as well as a cost calculation of the public health programme implementation by DG SANCO as alternative programme management solution. In addition, the report includes the analysis of the closure scenario for the Executive Agency before the expiry of its mandate.

### Evaluation broken down into four tasks

Specifically, the evaluation will address the following tasks as outlined by the Terms of Reference (ToR), see Appendix 7:

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<sup>2</sup> In the study, the Executive Agency will be referred to as EAHC or as “the Executive Agency”

- answer the evaluation questions as listed in the ToR, see Appendix 7
- draw conclusions and provide judgments and recommendations for the future on the basis the answers to the evaluation questions stated in the ToR.
- provide a breakdown of public health implementation costs by EAHC and DG SANCO, see Appendix 5
- provide a breakdown of the costs of a possible close-down of the Agency, see Appendix 5

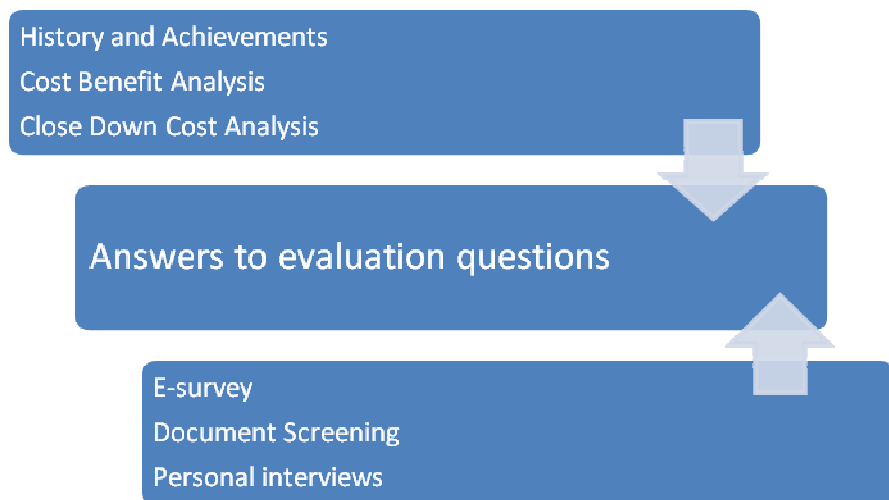
## 2.1 Methodology

The analysis of the Executive Agency performance is focused on a set of evaluation questions analysing the relevance, effectiveness, cost efficiency and utility of the Agency based on document review, interviews (EAHC staff, Commission officials and NFP), E-survey of beneficiaries, assessment of history and establishment, assessment of costs and closedown of the Agency.

The evaluation consists of two interrelated parts: the evaluation (including the evaluation questions) and the assessment of costs and benefits (CBA). As the evaluation and the CBA are part of the same study, it has obviously been beneficial to undertake the CBA and the evaluation at the same time to enable cross-utilisation of data and findings.

The consultant's replies to the evaluation questions are based on a comprehensive set of data and assessments covering all tasks undertaken. The e-survey targeted in principle to all project beneficiaries and applicants thereby allowing an important 'beneficiary-perspective' of the Executive Agency.

Figure 2-1 *Compilation of data for answering the evaluation questions:*



Evaluation themes

This interim evaluation addresses 14 evaluation questions relating to the following evaluation themes:

- *Relevance*, the evaluation questions about relevance of the Executive Agency (both framework and resources) aim at examining the suitability of the Executive Agency fulfil its mission, human resources allocation and recruitment.
- *Effectiveness* involves analyses of the achievements of the Executive Agency in programme implementation and management. In this context, it relates to issues such as Agency operations, achievement of objectives, quality of services to beneficiaries and the Commission, achievement of synergies and the Commission's contribution to the effectiveness of the programmes.
- *Efficiency* focus on the added value produced by the Agency in relation to costs of the Agency, support to the Commission and the Agency's internal organisation.
- *Utility*, the usefulness of the Agency to DG SANCO in improving its functions, such as development and design of a public health policy and knowhow development and maintenance in programme management.

Cost Benefit Analysis

The methodology for undertaking the “retrospective CBA”, including a number of assumptions, is outlined in Appendix 5 together with the outcome of the CBA. In short, the CBA has been carried out in the following steps, namely:

- **Step 1:** A qualitative assessment based on the answers to the evaluation questions.
- **Step 2:** Modelling of the CBA taking into account the findings in step 1.

Close down scenario

The closedown scenario is the analysis of the closing down of the Executive Agency both in quantitative and qualitative terms. The methodology used in the closedown scenario analysis is similar to that used for the CBA.

Data sources and cross-utilisation of data

The data collection methods and analytical methods used in the study are presented below.

- **Document review:** available documentation (see Appendix 1) was extensively used during all the stages of the study.
- **Organisational review:** organisational review is an exercise referring to the analysis of all the dimensions of the Executive Agency in terms of internal procedures, structure, interaction with other bodies and background.
- **Personal interviews:** personal interviews were used to approach DG SANCO officials, EAHC staff as well as queries with DG Budget officials (phone and email).
- **E-survey:** the e-survey addressed public health programme beneficiaries and applicants. The questionnaire of the e-survey (see questions in Appendix 2) includes general questions to establish the identity and the back-

ground of the beneficiary<sup>3</sup> as well as questions addressing all phases of the project lifecycle, namely application, proposal selection and project management and implementation.

- **Benchmarking:** benchmarking was done through a desk review and desk study of available performance indicators.

## 2.2 Structure of the report

The report presents the findings and answers to the issues posed in TOR including conclusions and recommendations, presented in the following order:

### Chapter 1- Executive Summary

**Chapter 2- Introduction and methodology:** this chapter outlines the aim of this study, the methodology used and the structure of the report.

**Chapter 3- Relevance:** this chapter provides answers to the evaluation questions regarding relevance.

**Chapter 4 - Effectiveness:** this chapter provides answers to the evaluation questions regarding effectiveness.

**Chapter 5 – Cost effectiveness:** this chapter provides answers to the evaluation questions regarding cost efficiency.

**Chapter 6 – Utility:** this chapter provides answers to the evaluation questions regarding utility.

**Chapter 7 – Overall conclusions, findings and recommendations:** this chapter provides the overall conclusions and recommendations.

The following appendices are enclosed:

- Appendix 1- Collected literature
- Appendix 2 - e survey
- Appendix 3 - Interview list
- Appendix 4 - History and background of the Executive Agency
- Appendix 5 - CBA Cost calculations
- Appendix 6 - Term of Reference (ToR)
- Appendix 7 - Job descriptions.

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<sup>3</sup> In the e-survey, the consultant distinguishes between main beneficiary and associated beneficiaries, their role, experience and relation to the Agency (contractual, payment etc).



### 3 Relevance

*The evaluation questions concerning relevance of the Executive Agency aim at examining the suitability of the Agency for implementing the PHP in terms of objectives clarity, satisfaction of stakeholders' needs and compliance of the organization with the legal framework regulating the operation of Executive Agencies.*

#### 3.1 To what extent is the Agency relevant to the needs it is intended to meet?

##### 3.1.1 Introduction

The answer of this evaluation question is based on the following judgement criteria:

- Extent to which the tasks of the Executive Agency are in line with the Regulation laying down the statute of Executive Agencies (Council Regulation (EC) 58/2003).
- Extent to which Executive Agency framework is clear (assessment if objectives are non contradictory, if required competences are defined, if tasks are clear and in line with needs and if resource needs are estimated clearly).
- Satisfaction of the Agency stakeholders and beneficiaries on the services provided by the Executive Agency.

The sources used for collecting data and evidence for answering this evaluation question are interviews with DG SANCO and Executive Agency staff and document review.

##### 3.1.2 Evidence

Need for establishing Executive Agencies

Before the Commission decision for the creation of Executive Agencies (December 2002) Community programme implementation and monitoring was outsourced to Technical Assistance Offices (TAO) or was performed by specialized units of the European Commission Directorates Generals. The TAOs were private entities selected by the European Commission through tendering procedures and were undertaking Community programme implementation. Part

of the financial work for the previous PHP (1996-2002) was allocated to a TAO with 45 full time equivalents based in Luxembourg.

In the period 1999-2000, there was a need to reconsider the TAO programme management scheme mainly due to transparency and reliability issues raised by allocating EU public funds management to private entities. More specifically, financial operations for Community programmes should comply with Council Regulation (EC, Euratom) No 1605/2002 of June 2002 on the Financial Regulation for sound financial management. This was not the case for all TAOs as the accounting system and internal management procedures of these entities varied according to the legal format.

On the other hand, allocation of Community programme implementation to the European Commission was not ideal, because by performing this task the European Commission was deviating from its core mission, which is to focus on institutional tasks and policy design for ensuring accountability to European citizens.

At the time, the best solution was considered to separate policy and programme design from programme implementation by outsourcing programme management to publicly owned institutions (Executive Agencies) supervised by the European Commission and fully complying with EU financial rules and internal procedures (EU financial regulation). Regarding the implementation of the PHP, DG SANCO had decided in 2004 to establish the Executive Agency and transfer to it two thirds of the projects managed previously by DG SANCO. The rest of the projects (one third) remained under the responsibility of DG SANCO. This decision was made taking into account a Cost Benefit Analysis.

#### Compliance with Council Regulation

The tasks of the Executive Agencies are defined in 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. The Regulation states that Executive Agencies can be entrusted with implementing Community Programmes under the supervision of the European Commission, adopting instruments for Community programmes implementation such as contract and grant awards and undertaking initiatives for the analysis and feedback provision to the Commission on the programme implementation results.

More specifically, the Council Regulation (EC) 58/2002, in Article 6 defines in a very transparent way the tasks that can be delegated to Executive Agencies. These are:

- *Managing some or all phases of a project in relation with specific individual projects, in the context of implementing a Community programme and carrying out necessary checks to that end, by adopting the relevant decision using the powers delegated to it by the Commission.*
- *Adopting the instruments of budget implementation for the revenue and expenditure and carrying out all activities required to implement a Com-*

*munity programme on the basis of power delegated by the Commission, and in particular activities linked to the awarding of contracts and grants.*

- *Gathering, analysing and transmitting to the Commission all the information needed to guide the implementation of a Community programme.*

Article 4 of Commission Decision 2004/855/EC, establishing the Executive Agency for public health, enumerates the tasks of the new organisation. The tasks described in this Decision fully comply with the Council Regulation establishing Executive Agencies as the Executive Agency for public health is entrusted with tasks relevant to public health programme implementation and management as well as logistical, technical and scientific support to the Commission, excluding tasks requiring discretionary powers in translating political choices into action.

#### Personal interviews

Personal interviews with DG SANCO officials have shown that DG SANCO staff considers the Agency's legal framework appropriate for the implementation and management of the PHP. The tasks allocated to the Agency according to the Act of Delegation are compatible with those foreseen in the Regulation laying down the statute of Executive Agencies. Personal interviews have also verified that the tasks and structure of the Agency are clearly defined and do not include contradictory elements.

According to the replies of interviewees, the added value of the Executive Agency consists in its specialisation and focus on programme management. More specifically, the Agency is an organisation created to implement the Public Health Programme (PHP) and has as such recruited staff with experience and background tailored to this task.

#### Services to beneficiaries and stakeholders

Part of the Agency's information and dissemination strategy is the organisation of Information Days to inform potential applicants and programme beneficiaries about its activities and about developments in the PHP. In 2007 and 2008, the participants in the Information Days were requested to evaluate through a satisfaction survey the performance of the Executive Agency and the Information Days event. The survey found out that in both years, the participants appreciated the level of quality of the services of the Executive Agency and considered the Information Days event very useful.

Similar e-surveys conducted by the Executive Agency reveal that external reviewers hired by the Agency for evaluating applications received under the Calls for proposals each year rate highly the performance of the Executive Agency as well as the quality level of the information and documents provided at the proposal evaluation process.

The increased quality of service provided by the Executive Agency to beneficiaries and stakeholders is also reflected in the result of the e-survey conducted in 2008 by the Agency and addressed to applicants (selected and non-selected) regarding the application procedures and guidelines and the support of the Agency's helpdesk to applicants. 91 per cent of the respondents (76 of 255)

considered the guide for application very useful, and 92 per cent of them classified the Agency's helpdesk as good or very good.

### 3.1.3 Conclusion

The analysis of the Regulation setting up the statute of Executive Agencies and the Act of establishing Executive Agency for public health leads to the conclusion that the tasks allocated to the Executive Agency are in line with the Council Regulation laying down the statute of Executive Agencies. The tasks allocated to the Executive Agency for public health are clear and non-contradictory.

The beneficiaries and stakeholders of the Executive Agency are satisfied with the services provided by the Executive Agency and, overall, they agree that the Agency manages to meet their needs. To exemplify this, the analysis of the result of the e-survey shows that some beneficiaries of PHP consider the Info Days event organised by the Agency very useful and external proposal evaluators are also satisfied by the way proposal evaluation is organised.

## 3.2 To what extent does the Agency have the human resources it needs to perform its tasks?

### 3.2.1 Introduction

This evaluation question is answered according to the following judgement criteria:

- Initial human resources planning and workload.
- Number of actual staff compared to planned staff.
- Workload development in the Executive Agency.

The sources of verification for this evaluation question consist in document reviews as well as in interviews with Executive Agency staff. The main documents reviewed are the Annual Activity Reports of the Agency and the Annual Work Programmes as well as previous evaluation studies for other Executive Agencies used for benchmarking.

### 3.2.2 Evidence

Currently, in the Executive Agency each financial officer<sup>4</sup> is responsible for about 60 projects, and project officers have to follow up on about 40 projects each<sup>5</sup>. Interviews with Executive Agency staff have shown that these figures deviate substantially (between 70% and 125%) from the situation assessed by

<sup>4</sup> For financial officer job description see Appendix 6

<sup>5</sup> Steering Committee SC/2009/04/03

Initial human resources planning

the Commission’s decision to create the Agency, in which the estimated workload was 15 projects per project officer and 34 projects per financial officer.

This discrepancy is rooted in the fact that after the creation of the Executive Agency and the estimation of amount of human resources, the tasks allocated have increased without a corresponding growth in human resources.

The initial plan was that DG SANCO would transfer between 30 to 40 projects per year to the Executive Agency corresponding to 50-60 per cent of the DG SANCO workload related to PHP implementation. DG SANCO has decided to keep the remaining projects under its responsibility. In spring 2004, DG SANCO reconsidered the amount of work allocated to the Executive Agency and decided to allocate all strands to the Executive Agency apart from some “strategic” projects while keeping the human resources amount of the Agency stable.

After the transfer of all programme strands to the Executive Agency, the workload and human resources status were shaped as follows: the Agency had to manage 65 to 68 projects per year, and it had 37 employees. The table below presents the allocation of employees per post at the time of its creation.

*Table 1 Employees per post in the Executive Agency*

Post	Number of employees
Director	1
Assistant to the Director	1
Accountant	1
Financial officer	8
Project officer	18
Assistants	8
<b>Total</b>	<b>37</b>

In addition to the increase of projects allocated (without increasing staff), human resources planning in the initial design of the Executive Agency involved another weak point. The human resources planning did not foresee that part of the employees would work in posts other than project management and monitoring, namely in posts relevant to the implementation and compliance of the Agency with Internal Control Standards, Financial Regulation and administrative rules of the Commission (horizontal posts). The planning of human resources was based on the Cost Benefit Analysis conducted before the establishment of the Agency. The study investigated possible solutions for programme management, such as decentralization to national, public bodies, network of national agencies and the creation of Executive Agencies, and concludes that the optimal solution was the latter. Although the study identified correctly the qualitative and cost-related benefits of the Executive Agency, its

human resources analysis was not sufficient as it did not take into account the staff required for the horizontal services of the Executive Agency. The human resources planning for the Executive Agency as presented in the Cost Benefit Analysis and as adopted by the Commission has omitted to take into account that the following posts needed to be completed:

*Table 2 Additional posts in the EACH not foreseen by the CBA for the Agency establishment*

Post	Number of employees
Internal auditor	1
IT officer	1
Ex-ante verifying agent	1
Human resources manager	1
Document manager	1
Budget coordinator – Head of financial cell	1
Lawyer	1
Communication officer	1
Head of administration	1
Head of public health unit	1
Program coordinator	1
Financial and administrative budget officer	1
<b>Total</b>	<b>12</b>

The above-mentioned posts were covered by eight project officers, two financial officers and two assistants as shown in the table below.

Table 3 *Reallocation of human resources in the Executive Agency*

Post	Initial number of employees foreseen	Number of employees allocated to horizontal posts	Final number of employees
Director	1		1
Assistant to the Director	1		1
Accountant	1		1
Financial officer	8	2	6
Project officer	18	8	10
Assistants	8	2	6
<b>Total</b>	<b>37</b>	<b>12</b>	<b>25</b>

Consequently, at the time of Agency establishment, the amount of human resources was underestimated, and on top of that, more programme strands were transferred to the Agency than initially planned without enhancing human resources accordingly.

In terms of workload the main instruments used by Agency during the reference period (2006- mid of 2009), the main instruments used by EAHC were quasi-exclusively grants for projects.

Since the new programme implementation starting with the calls of 2008 EAHC managed the following instruments:

- **Joint actions** aim at enhancing public health through collaboration between the European Commission and national authorities in Member States by implementing commonly agreed policy objectives.
- **Operating grants** cover part of the operating costs of organisations carrying out activities relevant or supporting to the PHP.
- **Conferences** concern the financial support of conferences organisation with topic relevant to the priority areas of the PHP.
- **Calls for tender** concern services to be provided to the Agency (studies, surveys, analysis) supporting the implementation of the PHP.
- **Grants for projects** concern EU funding for the implementation of projects relevant to public health and to the PHP priority areas.

It is important to note that the above-mentioned funding instruments do not have same requirements in terms of time and effort for the Agency employees and consequently do not have the same impact on the workload of the Agency.

For example operating grants and conferences have a much shorter lifecycle compared to calls for tender and grants for projects.

*Table 4 Number of projects handled per staff in Public Health without extension of mandate (AAR 2009 and IAS 2010), number of agreements, beneficiaries and budget.*

	2006	2007	2008	2009
Number of total projects managed by EAHC <sup>6</sup>	67 <sup>7</sup>	189	256	363
Number of staff EAHC total	25	28	36	48
Number of staff Executive Agency/EAHC (only health unit and admin.)	25	28	36	36
Number of projects per health project officer	-	25	35	39
Number of PH projects per financial officer (IAS)		50	56	58
Number of agreements EAHC total		122	212	287
Number of beneficiaries EAHC total		1364	2065	2508
Budget managed by EAHC total (in million Euro)		71.7	119	156

\*It should be noted that the baseline staff in 2007 was below the planned staff (see table below)

\*\* The relatively slight increase over the years compared with the other percentages shown in this table still indicates a high level of workload compared with the initial assumption of resources needed having been 70% lower than the real needs (This figure is based on interviews with the Executive Agency staff).

The above table gives an indication of the development in the workload and the level of staff in the Executive Agency since the year of its creation. From the table, it can be verified that the workload per staff member has increased significantly as to number of projects, agreements, beneficiaries and budget to be handled. The number of projects mentioned includes negotiations (following project selection). In 2007, the majority of the projects were subject to contract negotiations with the beneficiaries.

<sup>6</sup> This is a cumulative number of projects for 2006, 2007 and 2008 (projects have an average lifespan of 3 years).

<sup>7</sup> The level of the Executive Agency activities in 2006 is relatively low (especially compared to 2007) because during this year there was shared management of the PHP between the Executive Agency and DG SANCO. The reason for this transitory situation was because in 2006 the Agency was not yet an autonomous organization (operational and financial capacities were not finalized yet). The Executive Agency was granted autonomy and could perform operations under its own responsibility from 1st January 2007 onwards.



More detailed information on the funded activities under the public health programme is presented in the table below. Projects and joint actions have a life-span over three years therefore the workload is not limited to the year in which it is funded.

*Table 5 Number of funded activities extracted from the EAHC project database*

	2006	2007	2008	2009
Projects (*)	98	81	49	37
Joint actions (*)	0	0	2	3
Projects with International Organisation (direct grants)			6	6
Operating grants	0	0	10	8
Conferences	0	0	9	14
Tenders	0	0	0	8
Total activities	98	81	76	76

Note: (\*) projects and joint actions have an average 3 years life span  
 Source: 2006-2007-2008 EAHC project database; 2009 (EAHC via DG SANCO)

Finance officer

In an effort to estimate the adequacy of the staff in the EAHC/PHEA, we compare the level of financial officers in the Executive Agency to the level of financial officers in DG SANCO (for the period 2004-2006, when programme management was conducted by DG SANCO). It is noted that the comparison of human resources level is limited to financial officers. Project officers cannot be included in the benchmarking because project officers in DG SANCO for the period 2004-2006 were dealing with policy and programme monitoring issues at the same time. In contrast, project officers in the Executive Agency allocate their time only to programme monitoring. The table below summarizes the number of financial officers in each entity (DG SANCO and Executive Agency).

*Table 6 Number of finance officers in DG SANCO and the Executive Agency*

Number of staff	2004	2005	2006	2007	2008
DG SANCO <sup>8</sup>	11	11	9 maximum		
Executive Agency <sup>9</sup> (FTE)			2.5	4.6	6.25

<sup>8</sup> Information on financial officers' level is provided by DG SANCO official through telephone interview.

<sup>9</sup> Information from EAHC

The comparison of the workload of financial officers (number of transactions per financial officer) would complement the benchmarking exercise. Although this kind of information is available for the Executive Agency, it is not available to DG SANCO (period 2004-2006) and consequently the benchmarking exercise cannot expand.

Number of actual staff compared to planned staff

In the below table, the number of actual staff is compared to the number of planned staff per year.

Table 7 Actual staff compared to planned staff

	2006		2007		2008 <sup>10</sup>		2009	
	Authorised	Actual*	Authorised	Actual*	Authorised	Actual	Authorised	Actual
Temporary agents (seconded from DG SANCO)	9 (8)	8 (7)	9 (8)	8 (7)	12 (6)	8 (6)	12	11
Contractual agents	23	17	28	20	30	34	38	37
<b>Total</b>	<b>32</b>	<b>25</b>	<b>37</b>	<b>28</b>	<b>42</b>	<b>42</b>	<b>50</b>	<b>48</b>
<b>Planned/actual</b>		<b>78%</b>		<b>75%</b>		<b>100%</b>		<b>96%</b>
<i>Temporary / contractual agents</i>	39%	47%	32%	40%	40%	24%	32%	30%

\* Actually filled as per 31/12

The table above shows that the Agency has managed to reach its full staff recruitment capacity only in 2008. In 2006 and 2007, it was operating only with part of the planned staff.

With the extension of the mandate of the Agency, the maximum number of full-time staff increased to 50 in 2009. At the end of the year 2009, the Agency's establishment plan listed 12 temporary agents, of which five were seconded officials by the Commission, and 38 contractual agent positions for managing additionally to the Health Programme, the Consumer Programme and Better Training for Safer Food.

### 3.2.3 Conclusion

The overall conclusion is that there is imbalance between the human resources and the workload in the Executive Agency. The cause of the issue is traced

<sup>10</sup> incl. extension of mandate

back to the time of the creation of the Agency. The Cost Benefit Analysis (CBA) conducted justifying the creation of the Executive Agency was not well founded as it underestimated the amount of human resources required for managing the PHP. More specifically, although the CBA had estimated the staff needs for programme management strands realistically, it did not take into account that the Executive Agency would be an autonomous organisation that had to comply with administration and financial rules of the European Commission and consequently had to allocate human resources to horizontal services. In addition to the lack of human resources in the Agency, DG SANCO decided to increase the workload in the Agency without updating the already limited human resources.

Progressively, the Agency has managed to increase the rate of staff recruitment and to reach the maximum of authorized staff in 2008. This is definitely a positive development in facing the lack of human resources issue, but it is undermined by the increasing number of projects to be funded.

Overall, we can conclude that the Executive Agency lacks human resources due to the inadequate human resources planning and due to the increasing number of projects funded through the years.

### **3.3 To what extent is the Agency able to recruit and retain staff of the required level?**

#### **3.3.1 Introduction**

For this evaluation question, the following judgement criteria are defined:

- Assessment of the ability of the Executive Agency (and actual need) to recruit highly specialised staff.
- Reasons explaining staff turnover level in the Executive Agency
- Assessment of the development in staff turnover per year compared to staff turnover in other Executive Agencies.

#### **3.3.2 Evidence**

Recruitment of specialised/ scientific staff

The Executive Agency has the flexibility to recruit public health officers through an open procedure when it cannot find experts with qualification relevant to its needs in the EPSO database<sup>11</sup>. This is foreseen in the implementing rules of the staff regulations in force in the Agency and is applicable only for the scientific officers and not for financial officers and secretaries. This special condition gives the Agency access to a very broad staff database and increases the chances to recruit staff with qualification tailored to its needs.

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<sup>11</sup> Delegating implementing tasks to Executive Agencies: A successful option?, European Court of Auditors, par. 49

Another factor that enhances the ability of the Agency in staff recruitments is its specialization in programme implementation and the fact that staff regulations are more flexible for Executive Agencies than for the Commission in the sense that the Commission can offer a three-year contract whereas the Agency can retain staff for the lifetime of the Agency (normally longer than three years). DG SANCO did not have the same flexibility to recruit specialized staff for programme management partly due to staff regulations, partly because programme management was not a core activity of DG SANCO, but rather a side activity. The staff working on programme management when DG SANCO managed the PHP primarily had policy work as a core responsibility only dedicating some of its time to programme implementation.

Staff turnover

Although the Agency in periods of recruitment receives many applications for its vacancies, it is confronted with an issue of staff retention. According to interviews conducted with the Agency staff and the figures from the Annual Activity Reports (AAR), the turnover of staff in the Agency was 16 per cent in 2007, reached 21 per cent in 2008 and fell to 17% in 2009.

Table 8 Staff turnover of the EAHC

No. of staff leaving the Agency	2007	2008	2009
Project officer	3		3
Financial officer		4 (1 financial officer, 2 secretaries, 1 mail clerk)	5
Head of Units	1 (finance coordinator)	2 (PH, PH coordinator)	
<b>Total No</b>	<b>4</b>	<b>6</b>	<b>(8)<sup>12</sup></b>
Total number of staff	42	42	48
<b>Total percentage of staff turnover</b>	<b>16%</b>	<b>21%</b>	<b>17%</b>

This high staff turnover implies high opportunity costs in terms of training/introduction and handover, and it has a negative impact on the ability to retain institutional knowledge, maintain beneficiary satisfaction and ensure continuity in project management.

Strategies to decrease turnover need to be devised as well as strategies for handling high staff turnover in the short run. In the following, the reasons for the high staff turnover will be analysed to provide insight into the attractiveness and competitiveness of working for the Agency.

Salary levels

<sup>12</sup> One of the eight was promoted to temporary agent

Cost of living in Luxembourg

Executive Agency staff is generally entitled to a lower level of salaries compared to the salary level of officials in the Commission. As it is the case with other Executive Agencies, the majority of contractual agents employed by the Executive Agency receive lower wages than the permanent staff of the European Commission or temporary agents.

Another factor that is complementary to salary levels and explains the rate of staff turnover in the Executive Agency is the cost of living in Luxembourg. According to interviews conducted with DG SANCO and Executive Agency employees, the majority of the staff leaving the Executive Agency targets towards participating in the “concours” for indefinite contract duration employment in the European Institutions (mainly the European Commission). The main reasons are, as mentioned above, that salaries are higher in the European Commission, that Agency staff is familiarized to a large extent with the working environment in the Commission (common internal procedures for the Agency and the Commission, common working ethics and environment), and finally that Belgium is a less expensive country compared to Luxembourg. Taking into account that the most popular employment alternative for Agency staff is to work in the European Commission, we present comparative price levels of final consumption for private households in Luxembourg and Belgium.

*Table 9 Comparison of price levels of final consumption for private households in Luxembourg and Belgium respectively<sup>13</sup>*

Country	Year 2006	Year 2007	Year 2008
Belgium	107,7	108,3	111,1
Luxembourg	111,3	115,3	119,1

Source: Eurostat website

The table above shows that the cost of living<sup>14</sup> in Luxembourg is higher than that in Belgium, which renders Belgium a more attractive location in terms of

<sup>13</sup> Comparative price levels are the ratio between Purchasing power parities (PPPs) and market exchange rate for each country. PPPs are currency conversion rates that convert economic indicators expressed in national currencies to a common currency, called Purchasing Power Standard (PPS), which equalises the purchasing power of different national currencies and thus allows meaningful comparison. The ratio is shown in relation to the EU average (EU27 = 100). If the index of the comparative price levels shown for a country is higher/ lower than 100, the country concerned is relatively expensive/cheap as compared with the EU average.

<sup>14</sup> Eurostat has in a recent research paper (Experimental house price indices for the Euro area and the European Union, Eurostat 2011) stated that comparability between national data on housing prices within the EU have been limited and the market performance indicators for real estate reported in the “Consumer market scoreboard (SEC 2010 1257)” are very low indicating low degree of comparability as well. Therefore precautions should be made in comparing national housing price data. The private website globalproperty-guide.com does present this type of data for private real estate investors. According to their statistics the average monthly rent for a smaller rental apartment in Brussels is €861 for 60 square meters and the average monthly rent in Luxembourg is €987 for 40 square meters.

costs in combination with more opportunities to work in the European Commission in Brussels than in Luxembourg.

Career prospects

The high staff turnover is further explained by the limited career prospects in the Agency. Contractual agents hired by the Agency get a contract for up to five years and the contract can be renewed. With the second renewal and a minimum working period of 3 years in the Agency, the contract is valid for the lifetime of the Agency<sup>15</sup>. The contract is thus linked exclusively to Agency tasks. However, it is not possible to make a career and progress to become a temporary agent or Commission official. In order to progress within the EU institutions it is necessary to apply for a temporary agent post in the agency or other agencies or to pass a concur to become a Commission official.

Workload and content of work

Another reason that explains the relatively high staff turn over rate is the amount of the workload and the nature of the tasks in the Executive Agency. The Agency staff needs to cope with a relatively high workload. This situation leads to a high pressure on the Agency’s project and financial officers, linked with doubtful sustainability of quality given the generally limited resources.

The table below presents some of the Agency’s workload in terms of number of projects. The data presented in the table show that the number of ongoing projects are increasing since 2006 and the corresponding workload for both project officers (projects) and financial officers (payments and commitments).

Table 10 Number of projects (AAR)

year	Projects (ongoing and in negotiation)
2006	67
2007	189
2008	256
2009	363

The rather high proportion of administrative work involved in the work is also a reason that can explain staff turnover. More specifically according to interviews with Executive Agency staff, candidates hired by the Agency are initially impressed by the job description, but in practice they realise that they have to spend most of their working time on administrative issues instead of specialised tasks such as quality assessment of deliverables. Consequently, they are disappointed and find themselves being overqualified for the job. From the interviews, it was found that for Executive Agency employees, working in the Agency is often a transitory choice until they find another job, e.g. with the Commission. The table below is based on statistics provided by the Executive Agency and provides an overview of the number of staff that has left the Ex-

Even if the comparability of the absolute figures is low there is indication that the monthly rents are relatively more expensive in Luxembourg than in Brussels and further indication that cost of living is higher in Luxembourg than in Brussels.

<sup>15</sup> EU Staff regulation

Executive Agency during the period 2006-2010 and of their qualifications. The table shows that the staff leaving the Agency is qualified in terms of education and international working experience, which means that this kind of staff has potential of finding more stable and better working posts, both in terms of payment and content in other organisations, such as the European Commission.

*Table 11 Educational background of staff leaving the Agency in the period 2006 to 2010*

Post	No of employees	Av. years of professional experience	Years of international experience	Education
Project Officer	11	14,2	3,4	University degree (7 of 11 PhD degree)
Financial Officer	5	11,9	7,8	College education (1 of 5 university degree)

Source: Interview with Executive Agency staff

The persistently high staff turnover seems to be one of the major problems of the Agency, which has a negative impact on performance and productivity, incurring substantial monetary and time costs in terms of new recruitment and induction. In addition, there are hidden costs that should not be overlooked and that need to be addressed, such as a drop in staff morale, higher levels of stress-related absence, and interruptions of the workflow.

Performance criteria and an evaluation system

The Agency has responded to this challenge and has recently introduced performance criteria and an evaluation system of human resources as part of their workload risk management. Debriefings take place with leaving staff to find out more about the reasons and possibly mitigate risks of high staff turnover to a certain extent.

In line with the recommendations of the IAS (p.31ff), the Executive Agency will include the actions for workload management, retention and replacement of staff and the training for new staff in the risk management plan. Next to existing workload indicators, performance indicators will be defined and data produced for yearly evaluations.

To analyse the development over time, it might help to identify the stability index percentage rate to measure how experienced employees are being retained and define the characteristic pattern of employee turnover, which is normally high for new starters, but varies in any single organisation.

In the following section, we will attempt a comparison of the staff turnover in Executive Agency and other Executive Agencies managing similar programmes and having similar working conditions as the Executive Agency.

Benchmarking

**Executive Agency for Competitiveness and innovation (EACI):** the EACI was originally created as Intelligent Energy Executive Agency (IEEA) in December 2003. The mission of IEEA was to improve the management of the Intelligent Energy for Europe programme (IEE). In 2007, the IEEA was transformed to Executive Agency for Competitiveness and Innovation (EACI) as additional programmes were allocated to it. The lifetime of EACI was extended to December 2015. Currently, the EACI has three parent DGs (DG Energy and Transport, DG Enterprise and DG Environment) and is dealing with the following issues:

- Competitiveness and Innovation programme (CIP – IEE) II
- Completion of Marco Polo I
- Marco Polo II
- Certain measures of CIP (Enterprise Europe Network, IP project, eco innovation pilot and market replication projects)
- Completion of IEE (2003-2006), including its external strand Coopener.

Table 12 Staff turnover in the EACI, 2005-2008

	2005		2006		2007		2008	
	In service	Left Agency	In service	Left Agency	In service	Left Agency	In service	Left Agency
Project officers	11	1	13	2	19	2	43	4
Financial officers	4	1	5	3	12	5	22	2

The table above presents the staff turnover figures per year and post in the EACI.

The analysis conducted for the EACI<sup>16</sup> regarding staff turnover displays that the average staff turnover for the EACI is 16% annually (25% for financial officers and 11% for project officers). This percentage is relatively high and has a negative impact on work continuity in the EACI. The main reasons explaining this trend are high workload in EACI and limited career prospects in the Agency. Taking up a position with the European Commission is the main reason why Executive Agency staff terminates employment in the EACI as they consider that the European Commission can offer higher salaries and longer contracts in terms of duration.

<sup>16</sup> Evaluation of the first three years of operation of the Executive Agency for Competitiveness and Innovation (ex Intelligent Energy Executive Agency), December 2008, European Commission, Directorate General Energy and Transport



**Education, Audiovisual and Culture Executive Agency (EACEA):** the Education, Audiovisual & Culture Executive Agency (EACEA) was established and became operational the beginning of 2006. The mandate of the Agency covers tasks related to the management of projects throughout their lifecycle from three parent DGs namely DG Education and Culture, DG AIDCO and DG INFSO. The initial mandate of the Executive Agency has been extended progressively over the period 2007-2008. As the initial mandate covered only the 2000-2006 programme generation, the extension of the mandate was necessary to cover the new generation of programmes 2007-2013 as well as the new initiatives on the external dimension of projects in the field of education.

*Table 13 Staff turnover as a percentage of number of staff per year end*

Staff categories	2007	2008 <sup>17</sup>
Temporary agents (TA)	4.7%	11.2%
Contract agents (CA)	12.9%	7.8%

The table above<sup>18</sup> presents the staff turnover at the EACEA per staff category and year. The overall staff turnover in the Agency is around 10 per cent per year. There are two reasons that explain the termination of employment in EACEA by its staff. The first is that contractual agents prefer to pursue employment opportunities in other Community Institutions as permanent EU officials where they can benefit from higher salaries compared to EACEA and more stable career prospect (longer contract duration). In addition, European Commission officials who have been seconded to the EACEA for a limited period return to their posts in the European Commission.

### 3.3.3 Conclusion

The overall conclusion deriving from the evidence presented above is that the Executive Agency is able to recruit staff with competencies and experience in programme management and EU public health policy. In fact, the Executive Agency receives a quite high number of applications when vacancies are advertised. The flexibility of the Executive Agency in the recruitment process is also an element that facilitates skilled staff recruitment.

Despite that, document review and interviews have shown that the Executive Agency faces staff retention issues as a relatively high staff turnover is observed. The staff turnover rate is explained by the relatively low level of salaries (compared to the European Commission and other European institutions which are the most popular employment choices for those leaving the Executive Agency), limited contract duration and high costs of living in Luxembourg.

<sup>17</sup> Calculated on basis of Agency information

<sup>18</sup> Interim evaluation of EACEA, February 2009, European Commission, Directorate General for Education and Culture

The benchmarking exercise has shown that other Executive Agencies (EACI and EACEA) face relatively high staff turnover rates as well. The reasons for the staff turnover are also common in the three Executive Agencies.

Taking into account the above findings it can be concluded that the framework and employment conditions in Executive Agencies do not give employees the full potential for career development. As a result, many employees consider Executive Agencies as a temporary work solution and in the meanwhile try to find alternative opportunities, the most common being other EU institutions (European Commission, European Parliament, etc). Taking into account the above reasons, it can be concluded that the terms and framework of employment in Executive Agencies put limitations on employee development.

In that context, it is important to mention that the majority of the above-mentioned reasons for staff turnover (e.g. location, salary level, workload and work content) are not or only to a minor extent related to internal issues. Staffing rules in the Executive Agencies comply with the European Commission Staff Regulation applied to all Community Institutions. Consequently, staff turnover in the Executive Agency cannot be handled by the specific Executive Agency alone.

In addition, there is no possibility of arranging special conditions with the Luxembourgish government for Executive Agency employees expatriated in Luxembourg because such arrangements could be considered discriminatory against other European Commission employees appointed in other EU Member States.

## **4 Effectiveness**

*Effectiveness refers to the capacity of the Executive Agency to implement the PHP. This section analyses the added value of the Executive Agency in PHP implementation and its performance in project monitoring. The analysis includes evaluation of Agency's internal procedures in project management, simplifications introduced in project life cycle and interaction with DG SANCO.*

### **4.1 To what extent has the Agency succeeded in implementing the Public Health Programme (old and new)?**

#### **4.1.1 Introduction**

This evaluation question is answered based on the following criteria:

- Extent to which the objectives in the AWP have been achieved in including comparison to the AAR.
- Suitability and timely implementation of the Executive Agency's processes and procedures for programme management.

The approach to answering this evaluation question dealing with the success of the Agency in implementing the PHP is based on the comparison of the goals set by the Executive Agency and the actual output. The source of information used in this analysis is the Annual Work Programme (AWP) and the Annual Activity Report (AAR). Based on the above-mentioned documents, the consultant has analysed the degree to which the Agency has managed to achieve the objectives set. Personal interviews complement the data collection process as secondary data sources.

#### **4.1.2 Evidence**

The Annual Work programme (AWP) adopted by the Steering Committee of the Agency after approval by the European Commission at the beginning of each year defines the general objectives as well as operational objectives and tasks of the Executive Agency. The guide for judging the achievement of these objectives on yearly basis is a set of performance indicators defined in the same document. The Annual Activity Report (AAR) includes detailed reporting on the achievements of the Executive Agency according to the performance indi-

cators set in the AWP. Below we present an overview of the most important achievements of the Agency according to the performance indicators set in the AWP and the relevant performance of the Executive Agency as reported in the AAR.

Year 2006

At the beginning of 2006 the Executive Agency was not yet a fully autonomous organisation and the priority was among others to finalize its organisational and operational set up, to put in place accounting and budgetary tools and procedures and to complete the recruitment procedure. In addition to these organisation targets, the Agency was in charge of managing the 2006 Calls for Proposals.

The table below lists the main goals set in the AWP at the beginning of 2006 and the respective outcomes corresponding to each goal. We can conclude that the Agency has managed to fulfil the goals set in the AWP apart from the recruitment plan. Delays especially in secondment of DG SANCO officials to the Agency created human resources shortages and increased the risk of not fulfilling the goals set in the AWP.

Targets set in the Annual Work Programme (AWP) 2006	Outcome of the Executive Agency reported in the Annual Activity Report (AAR) 2006
Objective 1 Management of human resources	The Executive Agency has managed to implement part of the recruitment planning. By the end of 2006 it had recruited 78% of the planned staff. The secondment of Commission officials to the Agency was significantly delayed.
Objective 2 Infrastructure and IT	The Agency has managed to arrange establishment to its physical location and finalized Service Level Agreements (SLA) with Commission services. Regarding IT tools, the Agency did not develop its own IT tools but used those previously developed by DG SANCO
Objective 3 Financial Management	The Agency has established operational procedures and respective guidelines. The financial circuit for transactions was finalized.
Objective 4 Hand over of PHP strands	The Executive Agency supported DG SANCO to the launch of the Call for proposals 2006 (organisation of information days, secretarial support, guide to evaluators), to the assessment of the Call for proposals for 2006 and to the follow up of the outcome of Call for proposals (negotiation procedure). Objectives of the Agency have been fulfilled as planned in the WP. In addition the Executive Agency assessed the 2006 Call for proposals procedure and provided input and lessons learnt for 2007 activities.

Year 2007

The table below presents a comparison of the goals set in the AWP for 2007 and the final output of the Agency in the same year. The conclusion emerging from this table is that the Executive Agency has managed to fulfil the targets set with one exception. It did not manage to proceed as expected in the development of the project database as it faced problems in finalizing the structure and the testing of the IT tool.

Targets set in the Annual Work Programme (AWP) 2007	Outcome of the Executive Agency reported in the Annual Activity Report (AAR) 2007
Objective 1 Monitor the grants awarded under 2005 and 2006 Call for Proposals	The conclusion from the AAR 2007 is that, overall, the Agency has managed to achieve the goals for project monitoring set in the AWP, such as keeping deadlines for contract signature and payments, meetings and evaluation of cost statements.
Objective 2 Execute Calls for Proposals "Public Health 2007"	The AAR 2007 shows that the Agency managed to fulfil this goal and to complete within the foreseen deadline all the activities related to the execution of the Call for proposals 2007 for the PHP.
Objective 3 Generate and disseminate information about the Public Health Programme and Agency's activities	The Agency managed to deliver what was initially planned with one exception. The merger of the previous DG SANCO and Agency fragmented databases, including information for all projects, was not delivered on time but was transferred to the first quarter of 2008 (and accomplished in 2009). The creation of the database faced technical problems, as the structure of this IT tool could not be defined due to the variations in the formats of available project data.
Objective 4 Support the preparation of the 2007-2013 Community Action programme in the field of public health and provide input for the annual PHP work plans	The Agency has conducted mapping exercises and produced document analysing the 2004-2006 Calls for Proposals coverage of objectives and priority areas.
Objective 5 Organise meetings	In 2007, the Agency organised 23 expert meetings and provided to DG SANCO feedback on these meetings in bi-monthly reporting.

Year 2008

The table below presents the objectives set for 2008 and the relevant output of the Agency for this year. In principle, the Executive Agency has managed to implement the AWP and achieve the overall goals set. However deviations from the initial planning were observed the following areas: contract signature for some of the projects of previous Calls for Proposals was delayed due to late delivery of required documentation by the beneficiaries. Analysis of project dissemination activities was also not performed on time due to delays in filling 1 project manager post.

Targets set in the Annual Work Programme (AWP) 2008	Outcome of the Executive Agency reported in the Annual Activity Report (AAR) 2008
<p>Objective 1</p> <p>Monitor the grants awarded under 2005, 2006 and 2007 Call for Proposals</p>	<p>In 2008, the Agency had a satisfactory performance on monitoring of grants awarded under the 2005, 2006 and 2007 Calls for proposals. It has managed to execute 93% of payments, provide feedback to contractors organise meetings with NFP. Despite the good performance, some delays in contract signature were observed. The responsibility for delays lies not only with the Agency but also with some of the beneficiaries, who did not provide the necessary documents and information on time. Another contributory factor was that in some cases the proposal negotiation procedure started late as some of the selected proposals were taken from the reserve list.</p>
<p>Objective 2</p> <p>Support the implementation of the 2008-2013 Health Programme</p>	<p>The Agency has managed to comply with the requirements set at the beginning of the year regarding the implementation of the PHP 2008-2013 and to fulfil the targets set. The Agency has prepared mapping exercises of the call for proposals 2003-2007 and a mapping exercise of the results of 2008 Call for Proposals. In addition the Executive Agency provided DG SANCO advice on the AWP 2009 indicating which type of financing instrument should be used for which type of action after analysing 2008 calls for Proposals.</p>
<p>Objective 3</p> <p>Execution of the Call for Proposals “Public Health 2008”</p>	<p>The execution of 2008 Calls for Proposals was conducted on time as planned (selection of external experts, list of rejected proposals, list of funded projects, reserve list, negotiation procedure, information days organised).</p>
<p>Objective 4</p> <p>Generate and disseminate information about projects financed by the PHP and related Agency activities</p>	<p>The last objective set for the Agency in 2008 relates to information and dissemination activities for promoting the PHP and the Agency’s activities. Overall, it can be concluded that the initiatives of the Agency (such as organisation of technical and scientific meetings, analysis of outreach information activities etc) were in line with the planning of the AWP. However, the Agency did not manage to make an analysis of project dissemination activities due to the six-month delay in appointing staff for the programme manager post.</p>

### **4.1.3 Conclusion**

Overall we can conclude that the Executive Agency has managed to implement the PHP and to follow the targets set in the AWP for the years 2006, 2007 and 2008. Occasionally deviations in specific targets set in the AWP have been observed (e.g. difficulties were encountered in the development of the project database) but overall they did not threaten the smooth execution of the PHP and the compliance with the AWP. Personal interviews with DG SANCO and Executive Agency staff confirm the findings of the document review. DG SANCO and Executive Agency staff interviewed have verified that the Agency has managed to implement the PHP in full compliance with the initial planning and the procedures and deadlines foreseen.

## **4.2 To what extent has the Agency improved processes related to the implementation of the health programmes (previous and current)?**

### **4.2.1 Introduction**

This evaluation question is answered taking into account the following judgement criteria:

- Innovations, new elements and improvements introduced in project life cycle.
- Assessment of the possible added value of project monitoring and proposal quality (e.g. organization of calls, project award criteria, application forms and communication with applicants).

The sources of information and data collection for answering this evaluation question are personal interviews with Executive Agency and DG SANCO staff and document review.

### **4.2.2 Evidence**

According to the Decision establishing the Executive Agency, the role of the Agency was not only to perform administrative tasks but also to provide support to DG SANCO in improving PHP procedures and content. Below, we present a number of simplifications and innovations introduced by the Executive Agency in PHP implementation and project monitoring that can be perceived as the added value of the Executive Agency in PHP procedures.

Proposal selection procedure and improved contract award criteria

Increased effectiveness of the Agency is also reflected in the contract award criteria. The Agency has developed clear contract award criteria and has changed the process of proposal evaluation and selection. The evaluation criteria for proposal selection cover the technical and policy relevance and management quality of the proposal submitted.

More specifically, the Executive Agency has managed to improve the award criteria for projects, operating grants and conference proposals. The methodology followed was to test on the one hand the validity of the award criteria and on the other hand the validity of the evaluation process.

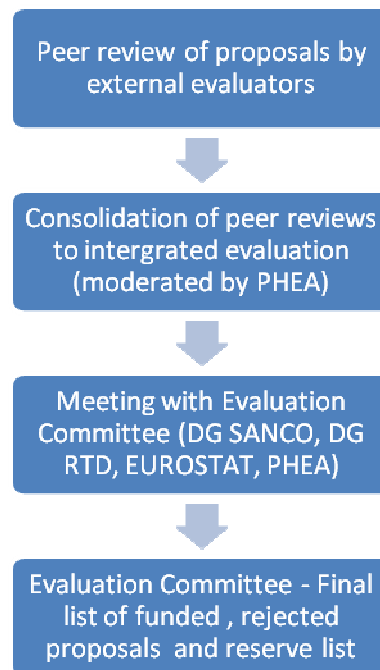
The testing of the validity of award criteria was based on statistical analysis of the significance of various factors such as EU added value, strategic relevance, organisational capacity, geographical coverage, contribution to the PHP, etc.

The scope of testing the evaluation process was to explore the degree to which the evaluation panel consists of objective evaluators who apply the award criteria with similar levels of severity, reflecting differences in the quality of the proposals and not in the composition of the evaluation panels.

Evaluation process

An innovative element introduced by the Agency in the proposal selection process is the involvement of three external proposal evaluators. The Agency updated the internal and external guidance documents to external evaluators and contracted external experts for the peer assessment of the submitted proposals. The stages of the proposal evaluation and selection are presented in the following graph.

Figure 4-1 Stages of proposal evaluation



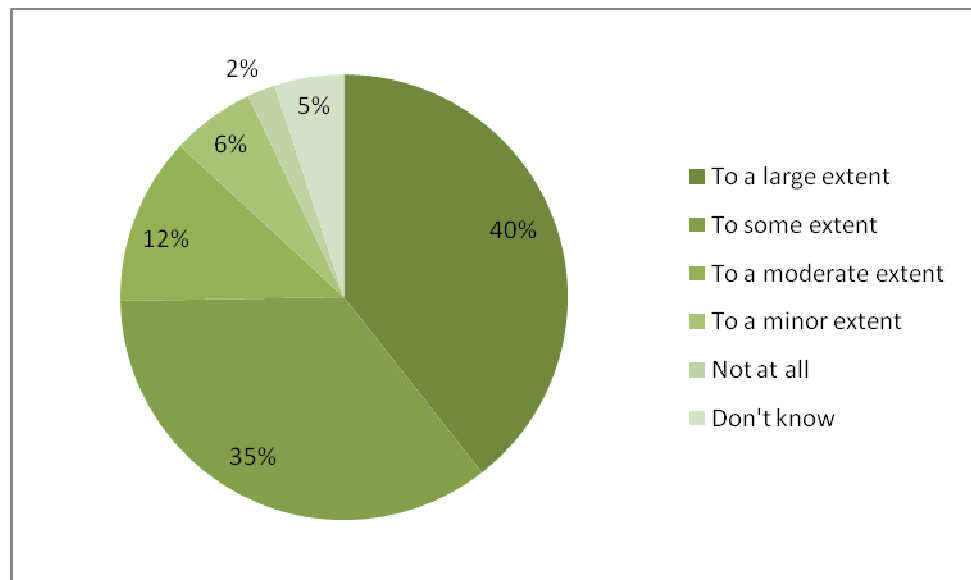
A review of the evaluation of Call for Proposals reveals that the evaluation system applied is robust and fair and ensures rational application of the award criteria and leads to well-founded and justified funding decisions.



The introduction of three external evaluators in combination with the participation of the Evaluation Committee in the process consisting of representatives of different Commission DGs has enhanced the objectivity and transparency of the proposal selection procedure. In addition, crosschecking of individual proposal reviews and consolidation of individual reviews ensures that inconsistencies and duplication of projects co-funded by the Commission are avoided.

The e-survey conducted for the purpose of this study shows that beneficiaries and applicants appreciate the new elements introduced. Beneficiaries and applicants were requested to indicate the extent to which they understood the proposal selection criteria/procedures.

Figure 4-2 Did you understand the principles of the selection procedure (different steps, award criteria, selection decisions)?



The responses received 93 per cent verify that the Agency has made progress in developing contract award criteria 2 per cent indicates that no progress has been made and 5% don't know. Of the positive responses, 40 per cent of the applicants responded that they understood "the selection procedure to a large extent" and 35 per cent responded that they understood the selection procedure to "some extent".

#### Proposal negotiation procedure

One of the most important new elements in PHP procedures is the negotiation procedure with applicants regarding the content of the proposals. When DG SANCO was implementing the PHP, the rule was that proposals were selected without content interventions. To the contrary, in an effort to improve the quality of the proposals awarded and to increase the value added of the projects, the Agency is guiding the selected applicants in improving the contents of their successful proposals before contract signature. As a result, the Agency has the opportunity to intervene in the contents of the project and increase the impact of the final result.

Contract signature and reduction of time to contract

Complementary to the above, the Agency has managed to reduce significantly the time elapsed between closure of the call for proposals and contract signature compared to DG SANCO.

*Table 14 Contract signature and time elapsed until contract signature*

Year	Entity	Time to contract signature (in days)	Year	Entity	Time to contract signature (in days)
2003	DG SANCO	263	2006	Executive Agency	217
2004	DG SANCO	376	2007	Executive Agency	221
2005	DG SANCO	397	2008	Executive Agency	192
<b>Average time to contract in DG SANCO</b>		<b>345.3</b>	<b>Average time to contract in EAHC</b>		<b>210</b>

The table above presents the lapse of time from closure of call for proposals to contract signature for the period 2003-2005 when PHP was implemented by DG SANCO and for the period 2006-2008 when PHP implementation was allocated to the Executive Agency. The time to contract includes the selection and award process, negotiation period between selected candidates and the Executive Agency and consequently improvements to proposals as needed, finalisation and signature of contract.

DG SANCO did not manage to reduce the lapse of time to contract signature, on the contrary, the number of days increased significantly from 2003 to 2005. In contrast, the Agency was more effective in this task as it managed to reduce the delays in contract signature by 11.5 per cent during the period from 2006 to 2008. The average time to contract for in 2006 to 2008 for the EAHC is 210 days, which is significantly lower than the average time spent in DG SANCO (345.3 days).

It should be noted that benchmarking with DG SANCO is preferable to benchmarking with other Executive Agencies as the definition of time to contract varies among Executive Agencies mainly because procedures are not exactly identical for all Community programmes. Consequently, a comparison of different Executive Agencies managing programmes with different structures and procedures would not lead to valid conclusions.

Application procedure

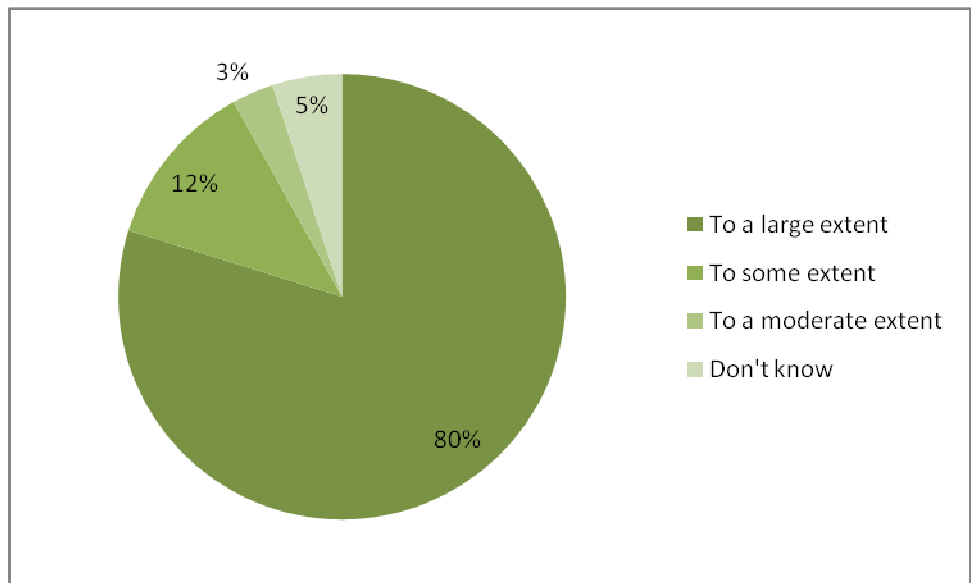
The application form is another area where the Agency has made a positive contribution. The application form has been re-written and simplified compared to the previous application system.

The e-survey provides useful information about the applicants' perception of the application procedure stages. Almost 70 per cent of the applicants participating in the e-survey stated that they were satisfied with the time accorded to

preparing their proposal 24 per cent indicate that the time given is sufficient to a moderate or minor extent whereas 3 per cent indicates that the time was not sufficient.

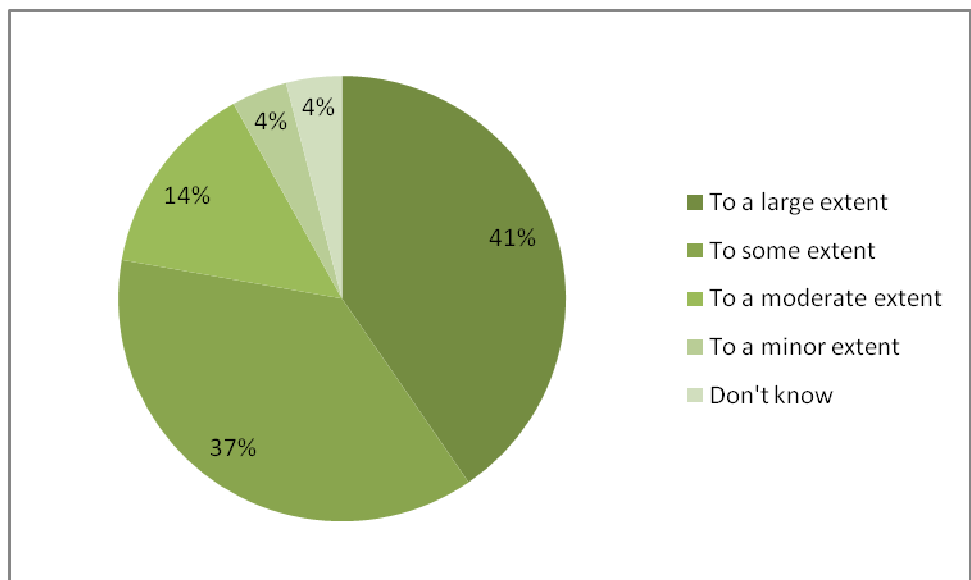
Of the applicants, 80 per cent stated that the information and guidelines about deadlines for proposal submission was very clear.

Figure 4-3 *Did you receive clear information about deadlines for submitting the proposal?*



In terms of the application procedure, the e-survey also reveals that the majority of the applicants (almost 78%) had a clear perception of the objectives and priorities of the call for proposals whereas 18 per cent indicate that the priorities and objectives were clear to a moderate or minor extent.

Figure 4-4 *To which extent were the priorities and objectives for the Call for proposals clear to you throughout the proposal submission procedures?*



Reduction of payment delays

Regarding payments to beneficiaries, the document review conducted shows that the Agency has made a very good performance as it manages to follow the contractual obligations and to effect payments within the contractual obligation of 45 days. The table below presents the percentage of number of payments per year that was conducted within the deadline of 45 days.

Table 15 Payment delays

Year	2007	2008
% of payments within time limit (45 days)	94.87%	91.49%

Source: AAR for 2007, 2008

The e-survey also inquired about payment delays. 37 per cent of the beneficiaries participating in the e-survey replied that they received payments on time "to a large extent", and 23.7 per cent that they received payments on time "to some extent". 7 per cent indicated they did not receive payment on time. It has to be noted that the e-survey covered main beneficiaries and associated beneficiaries. The contractual requirements force the Agency to pay the main beneficiary who is then obliged to transfer the funds to the associated beneficiaries within a contractually specified delay.

Project result communication and programme awareness activities

Project result communication and programme awareness activities have been an important element of the Agency's work plan since its establishment. In 2006, the Agency was a new organisation, and for that reason there was a need for a communication strategy explaining the Agency's role and promoting project results to interested parties. The Agency took a number of initiatives to this direction, such as the redesign of its website in order to make it more user-friendly and the participation in technical meetings for informing stakeholders about its roles and activities.

The organisation of technical meetings continued in 2007 where the Executive Agency organised 24 meetings of expert groups in order to explain to stakeholders the transition of PHP implementation from DG SANCO to the EAHC.

In an effort to inform potential applicants about the new instruments and to motivate them to submit proposals, the Agency organised 14 info days in 2008 in several European capitals and continued working on the contents of its website in order to make it more user-friendly.

The table below presents an overview of the dissemination and awareness activities of the Executive Agency for both the Executive Agency and DG SANCO (when available). It is obvious from the table that the Executive Agency has been more active in the period 2006-2008 compared to the period 2003 to 2005 when DG SANCO was responsible for programme management and implementation.

Table 16 Programme awareness activities

	2003 SANCO	2004 SANCO	2005 SANCO	2006 Executive Agency	2007 Executive Agency	2008 Executive Agency
<b>No of info days</b>	1	1	1	1	8	16
<b>No of participants at info days</b>	368	325	284	283	918	2,400
<b>No of potential applicants informed (down-loads, info letters etc.)</b>					3,920	3,929
<b>Expert meetings</b>				-	24	24
<b>No of applications received</b>	427	223	242	281	222	225
<b>Website hits</b>						223,000

#### Databases and IT tools

PHP management was initially conducted by DG SANCO and was transferred gradually to the Agency. DG SANCO kept the responsibility of managing certain projects after the creation of the Executive Agency. As a result, information on projects funded under the PHP was fragmented in several databases managed by DG SANCO or the Executive Agency. The existence of more than one database with different and incompatible formats created confusion among beneficiaries, difficulties in data collection and storage. In addition and due to the fact that the formats of the databases were different, neither DG SANCO nor the Executive Agency could use the full potential of these IT tools for reaching conclusions in quantitative terms or content wise. The first step for adopting a common database was taken in 2006, and the final database was adopted in 2009. Currently, the database accessible by the Agency's website includes all activities funded since 2003 (conferences, and operating grants funded through calls for proposals in the years 2003 to 2008 under the previous EU Public Health Programme and the current EU Health Programme 2008-2013).

The current database provides information on the content and partners of each project and gives to the user the chance to use a number of searching criteria. The Agency database is user friendly, and its use does not require any specific IT knowledge.

## Limitations in simplifications

Although the Agency has managed to introduce a number of significant simplifications of internal administrative procedures, it has to be noted that in the field of financial transactions there is not much room for simplifications as the Agency has to comply with the Financial Regulation and other administrative rules of the Commission. More specifically, there is a limitation in relation to operational appropriations<sup>19</sup> deriving from the obligatory application of general Financial Regulation 1605/2002 and the Standard Financial Regulation for Executive Agencies 1653/2004 in relation to operating expenditures. The Executive Agency has to comply with the Regulation mentioned above; something that limits the space for simplifications in this field.

### 4.2.3 Conclusion

Since the day of its establishment, the Executive Agency has introduced many improvements in programme management. The added value of the Executive Agency stems from new elements and improvements launched in the project life cycle, such as proposal negotiation process, reduction of delays, new IT tools, revision of contract award criteria that have increased the quality of proposals submitted as well created benefits in terms of project award and management transparency, and consequently PHP visibility.

Data collected through interviews, document review and the e-survey reveal that generally the Agency has managed to improve the management of the public health programme by introducing new elements in the implementation and monitoring of the programme as well as in the proposal selection procedure. Regarding the proposal selection procedure, it has to be noted that innovative elements introduced in the process (such as three external evaluators and update of proposal selection guide) enhanced the reliability, transparency and objectivity of the proposal selection process and led to more rational and valuable funding decisions.

According to the results of the e-survey, beneficiaries and applicants appreciate the services provided by the Executive Agency and recognize the added value of the innovations launched in PHP procedures by the Agency.

However limitations in simplifications are observed. Regarding simplifications, it is important to note that the beneficiaries who participated in the e-survey stressed in the open questions of the e-survey the need for further simplification of the financial procedures. More specifically, beneficiaries consider the financial statements and expenses reporting procedures very complicated. The financial circuit of project implementation is thought to be very bureaucratic to most of the beneficiaries and especially to small organisations and organisations that have no previous experience with EU-funded projects.

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<sup>19</sup> The amounts approved for the payment of foreseen operating expenses (e.g. office rent, salaries etc.)

### **4.3 To what extent has the Agency led to improved management of the programme and better services to the European Institutions and other stakeholders and addresses compared to previous management?**

#### **4.3.1 Introduction**

The answer to this evaluation question is based on the following judgement criteria:

- Satisfaction among Executive Agency stakeholders
- Identification of simplifications and improvements introduced in project management life cycle such as:
  - Extent to which the Executive Agency has developed improved application procedures.
  - Extent to which the Executive Agency has developed improved proposal selection procedures. Transparency in project selection by the Executive Agency compared to project selection by DG SANCO.
  - Extent to which the executive Agency has developed improved procedures for contract signature and time to contract.
  - Assessment of the development in payment delays according to what is foreseen in the contractual obligations (timely payments in line with the financial rules). Assess the main beneficiary satisfaction of payments<sup>20</sup>.
- Extent to which the Executive Agency conducted mapping exercises and synergies to define new focus areas for DG SANCO.

Information and evidence for this evaluation question were collected through personal interviews with DG SANCO and Executive Agency staff as well as the e-surveys conducted by the consultant for the purposes of this study and the Executive Agency for measuring beneficiaries' satisfaction of the services provided.

#### **4.3.2 Evidence**

Satisfaction of stakeholders

To enhance the quality of services provided to beneficiaries, a number of improvements have been launched in programme implementation and project management. These are analysed in detail in chapter 4.2. Below we summarize

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<sup>20</sup> It is acknowledged that the main (lead) beneficiary receives payments directly from the Agency whereas the main beneficiary pays the other beneficiaries in a project

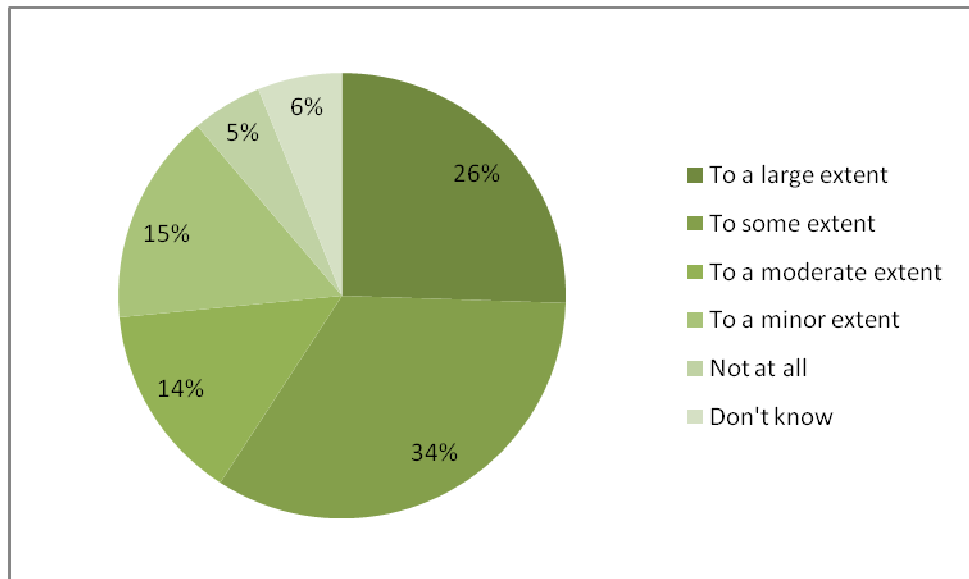
briefly the most important of those improvements that have led to the provision of higher quality services to beneficiaries.

The Agency has improved PHP procedures especially in the area of proposal evaluation and selection. The selection process of proposals by DG SANCO included only one external evaluator. Instead, the Executive Agency uses three external evaluators in order to secure objectivity in the process.

The application procedure has also been simplified, and an application guide has been rewritten. The technical annex of the contract is according to beneficiaries more clear and comprehensive than before the creation of the Executive Agency.

The beneficiaries who participated in the e-survey are largely satisfied with the services provided to them by the Executive Agency. Overall, the majority of beneficiaries are satisfied by the quality of programme management services provided by the Executive Agency (25.5% are satisfied to "a large extent" and 33.7% are satisfied to "some extent").

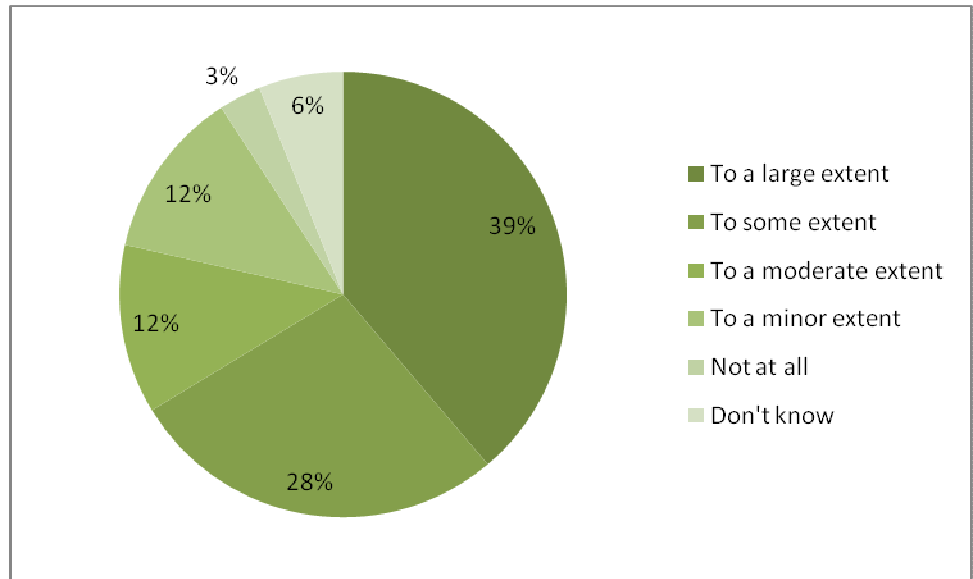
Figure 4-5 To which extent were you satisfied with the overall quality of the programme management services provided during the whole project period?



More specifically, in the field of communication with project managers in the Executive Agency, it is observed that 39 per cent of the participants in the e-survey consider that communication with project managers was satisfactory to "a large extent" and 27.6 per cent "to some extent". Only 3 per cent does not find the communication satisfactory.

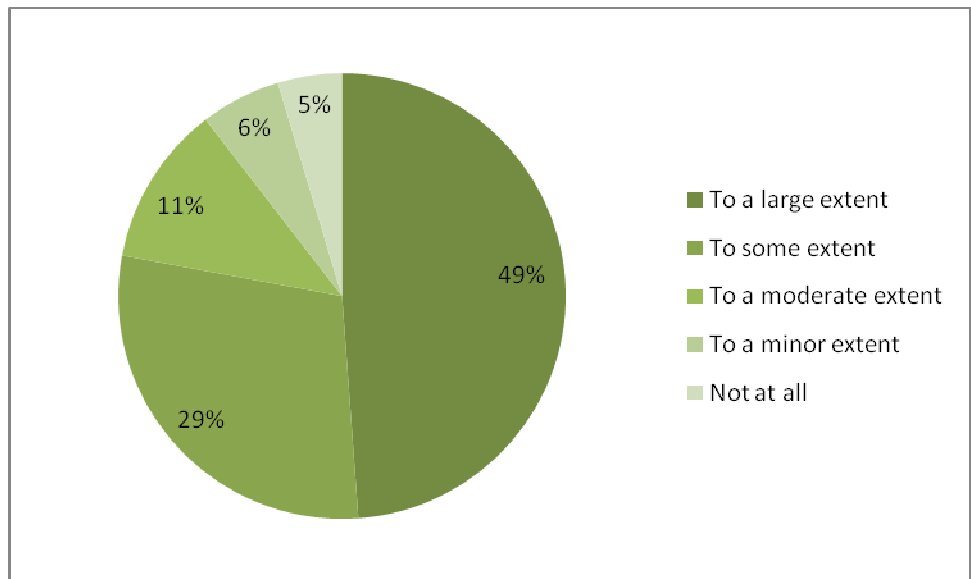


Figure 4-6 Are you satisfied with the communication with the agency project managers?



Part of the high-quality communication services provided to beneficiaries by the Executive Agency is the timely replies to questions relating to clarifications during the project implementation period. A relatively high percentage of the beneficiaries (78%) participating in the e-survey noted that questions and requests for clarifications were overall answered by the Executive Agency during the project implementation period.

Figure 4-7 Have requests for clarification been answered by the Agency during the project implementation period?



The satisfaction of beneficiaries' needs and the provision of high quality services are also verified by the e-survey conducted by the Executive Agency. In the survey, applicants (selected and non-selected) were asked to evaluate the application guide and the Agency helpdesk services. 91 per cent of the respon-

dents (76 in total) replied that found the guide very useful and 92 per cent classified the Agency's helpdesk as very good.

Another dimension of the services provided to beneficiaries is the information days, networks development and dissemination activities organised by the Executive Agency in order to contribute to improved project management, to raise awareness about the PHP and to help assist applicants by answering questions about the PHP and about application procedures and rules. According to the e-survey, beneficiaries seem to appreciate these activities as 28.9 per cent of the participants replied that they consider these activities useful for project management improvement "to some extent".

Despite the relatively high percentage of satisfied beneficiaries in the communication field, some of the beneficiaries found that communication with the Executive Agency was hampered by frequent changes of project managers. It is important to draw attention to this issue as it has strong links to the human resources optimisation of the Executive Agency and more specifically to the staff turnover and the ability of the Agency to retain recruited staff.

#### NFP (National Focal Points)

The scope of the National Focal Point (NFP) network is to act as mediator between potential beneficiaries and Executive Agency and to be a reference point for the EU health information in Member States. Interviews with NFP representatives have shown that this network is not as active as it could be in the developments in the field of public health at European level. Because of their current role and status (NFP network is an informal network, not recognized in the Programme decision), NFP representatives do not have adequate information on the PHP, and consequently it seems that the Agency and DG SANCO do not fully exploit the potential of this network to increase the visibility of the health programme in the Member States. This finding is also validated by the Ex-post evaluation of the PHP 2003-2008.

In terms of training of NFPs, the e-survey conducted by the Agency in November 2008 clearly shows that the NFPs do not consider training activities adequate. Overall, 40 per cent of the participants in the e-survey noted that there is a need for more training and information by the Agency. The study covers the views of NFPs for training and information in a number of areas such as health policy, proposal contents, proposal funding rules and priority areas of the PHP. The mean proportion of participants in the e-survey requesting more training ranges from 35 per cent to 53 per cent, which is relatively high, and it stresses the need for more and better training activities tailored to the needs of the NFPs. Complementary to the conclusion above, the strong willingness of NFPs to participate and devote time and resources to training activities should be highlighted. According to the e-survey, 85 per cent of the NFPs questioned are willing to attend training activities for more than one day.

#### Simplifications

The Executive Agency has managed to improve the implementation of the PHP and to launch a number of new elements that have simplified and facilitated the implementation of the programme. Detailed enumeration and analysis of the simplifications and improvement launched in project life cycle can be found in chapter 4.2.

## Mapping exercises and synergies

Mapping exercises and portfolio analyses of projects are the tools widely used by the Executive Agency. The analysis focuses on the coverage in terms of both objectives of the PHP/HP programme decisions and work plan (WP) priorities and identification of possible "uncovered" areas.

The Executive Agency is generally in close contact and cooperation with DG SANCO on issues that are problematic for programme implementation such as partners dropping out so that the various findings can be used for the improvement of PHP scope, content and award criteria, and for exploring new policy areas not or poorly covered by the current PHP.

### 4.3.3 Conclusion

Overall, we can conclude that the Executive Agency has managed to provide high-quality services to its stakeholders. The majority of beneficiaries and applicants participating in the e-survey respond that they appreciate the services provided by the Executive Agency (part of the participants in the e-survey could not compare the Agency to the previous management solution as they did not have any experience with DG SANCO programme management).

DG SANCO has also received benefits from the Agency's activities as the Agency has supported DG SANCO through mapping exercises and project portfolio analysis in exploring the results as input for implementing future AWP's and funding future projects.

Although the Agency has managed to meet the needs of its stakeholders, it should be noted that this is not the case with the NFPs. The e-survey found that there are expectations from the NFPs for adequate access to information. The Agency also seems to agree that the NFPs' strong potential could be beneficial to the Programme and to the Agency if the role of the NFP communication channel is formalised and approved by all the Member States. This will result in an optimisation of its use. The Executive Agency has also provided added value by intervening in the PHP procedures and increasing the added value of several stages of proposal selection and project lifecycle.

## 4.4 To what extent does coordination between the Agency and the Commission (including the parent DG and the relevant horizontal services and offices) work satisfactorily?

### 4.4.1 Introduction

The judgement criteria developed for this evaluation question are:

- Extent to which the coordination mechanisms ensure smooth and efficient coordination between the Executive Agency, the Steering Committee and DG SANCO.

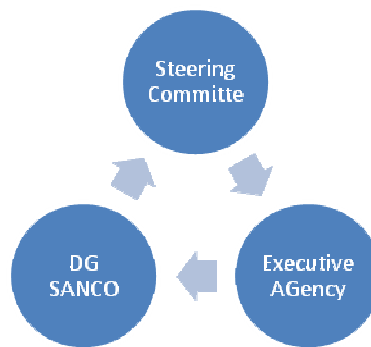
- Extent to which the Executive Agency contributes to programme design and incorporation of project results and lessons learnt to the PHP.

Document review and personal interviews with DG SANCO staff are the main sources of information for answering this evaluation question.

#### 4.4.2 Evidence

Council Regulation 58/2003 laying down the statute of Executive Agencies defines the way of interaction of the Executive Agency with the Commission and the Steering Committee.

Figure 4-8 Interaction between the steering commission, the Agency and the Commission



#### Steering Committee

The Steering Committee consists of five members appointed by the Commission. Council Regulation 58/2003 states that the Steering Committee adopts the Annual Work Programme of the Executive Agency as well as the administrative budget and the Annual Activity Report. Based on the minutes of Steering Committee meetings, we can see that the agenda includes reporting on the Agency's operations, staff issues, budgetary issues, discussion of Annual Activity Reports, planning on the Work Programme. The Steering committee meets with the Executive Agency Director at least four times per year. These meetings are complemented by bimonthly reports, which include information on negotiation procedures, recruitment, payments to beneficiaries and operational budget and appropriations. Interviews with the Executive Agency staff have shown that the Steering Committee is satisfied with the procedures and tools used for coordination and that the Executive Agency complies with what is foreseen in Regulation 58/2003 so that smooth and efficient coordination is achieved.

#### DG SANCO

The coordination of the Executive Agency with DG SANCO includes every interaction, such as Steering Committee meetings, preparation of project result documentation for DG SANCO, participation in DG SANCO events and meetings, liaison between project officers in the Executive Agency and DG SANCO officials, contribution in DG SANCO correspondence and European Parliament (EP) questions and support for preparing joint actions with DG SANCO.

Informal reporting mechanisms include ad-hoc telephone conversations and meetings between the Agency and DG SANCO staff. The number of meetings and time spent to coordinate between the Executive Agency staff and policy officers in DG SANCO varies according to the workload and the issues to be solved on an ad-hoc basis.

The interviews conducted with Executive Agency and DG SANCO staff have shown that, overall, both bodies are satisfied with the coordination mechanisms in place and that DG SANCO considers the coordination with the Executive Agency sufficient and effective, even though there is ample room for improvement with respect to the latter.

From the facts presented above, we can conclude that, overall, there are mechanisms in place regulating the coordination of the Executive Agency and DG SANCO. An important aspect of this matter is to analyse the contents of the coordination and to evaluate its impact on the improvement of the PHP. At the time when the Agency was established, the expectation was that it should not only provide administrative support to PHP management (as the TAO did) but also have a more advanced role. The Executive Agency should not only manage and monitor the PHP and limit its role to administrative issues but also enter into close cooperation with DG SANCO in interpreting project results and support DG SANCO in incorporating best practices of projects into the PHP with the ultimate goal of improving the programme in terms of content and impact.

It is important to investigate the contribution of the Executive Agency to this direction and the evolution of the cooperation between the Executive Agency and DG SANCO. Document review has shown that at the beginning of the Agency's lifecycle (2006), the goal was to establish the Agency's budget and accounting systems to turn the Agency into an autonomous organisation and to allow the takeover of the full responsibility of all delegated tasks. Consequently, there was not much activity in the fields of PHP improvement and project result interpretation.

After the finalization of the Agency establishment and provisions for its full autonomy, cooperation between DG SANCO and the Executive Agency became more intensive and focused not only on information exchange of administrative issues but also on collaboration in organisation of information days, consultation for the AWP and mapping exercises for programme result and content analysis (for details on the content of the mapping exercises see chapter 4.3). Progressively, the Executive Agency started conducting mapping exercises in order to disseminate knowledge generated by health projects, to foster networking possibilities for persons and institutions interested in public health in Europe and finally to support DG SANCO in EU public health policy planning. More specifically, the Executive Agency conducted mapping exercises for projects funded during the period 2003-2007. In addition, in 2009 the Agency outsourced to an external contractor a portfolio analysis and evaluation of the health project mapping 2003-2009 exercise.

At this point, it is necessary to make special reference to the remarks of part of DG SANCO staff on the preparation of project result documentation to DG SANCO. Some of the interviewees have mentioned that the Agency forwards the interim and final report of each project to policy officers in DG SANCO. The provision of the interim and final reports to DG SANCO without further elaboration is not effective because the interim and final reports are large, bureaucratic documents that can hardly be used by DG SANCO for policy design.

Ideally, feedback for final project results to DG SANCO should include the organisation of workshops between the Agency and DG SANCO to analyse project results and the provision of an overview of summary project results rather than the full reports to DG SANCO.

Since 2009, the Executive Agency has requested beneficiaries to produce a public, final project report (without administrative and financial information) in an attractive format.

It is important to stress that the above-mentioned remarks were made by a limited number of DG SANCO staff interviewed and that this dissatisfaction was not consistent. It is also crucial to remind that the Executive Agency has taken action and rendered the project final reports more user-friendly.

#### **4.4.3 Conclusion**

The overall conclusion on the quality of coordination between the Agency, DG SANCO and the Steering Committee is that the Regulation laying down the statute for Executive Agencies and the Decision establishing Executive Agency clearly define the role of each entity and coordination mechanisms to ensure smooth and efficient interaction and coordination among the Agency, the Steering Committee and DG SANCO.

Although coordination mechanisms have existed since the establishment of the Agency, it is important to note that coordination between the Agency and DG SANCO was not linear. It has been considerably improved after the full autonomy of the Agency. More specifically, at the establishment period the Agency was focused on administrative issues and the added value in terms of project result analysis, and information exchange with DG SANCO was rather limited. In the following years (2007, 2008) the Executive Agency took more action to this direction (conducted PHP portfolio analysis studies, mapping exercises, etc) but there is still room for improvement.

Overall, we can conclude that coordination between the Executive Agency and DG SANCO has progressed since the day of its establishment but without exploring the full potential of coordination and synergies with DG SANCO.

## **5 Cost efficiency**

*Cost efficiency focuses on the added value produced by the Agency in relation to its costs and to the efficiency of the Agency's internal procedures.*

### **5.1 To what extent has the Agency carried out its work efficiently?**

#### **5.1.1 Introduction**

This question is answered based on:

- Cost effectiveness of the Agency compared to alternative management schemes
- Cost of coordination and checks
- Assessment of the development in programme management costs as compared to the previous situation
- Comparison of the actual costs of the Executive Agency to the costs estimated by previous CBAs.

The answer to this evaluation question focuses on the monetary costs of the Agency, which are assessed in detail in the CBA presented in Appendix 5. Document review was undertaken covering previous CBAs, CoA reports, EC budget documents, EC financial documents, EC staff and financial regulations and supporting documents. Interviews and queries were conducted with DG SANCO, DG Budget and the Agency.

#### **5.1.2 Evidence**

The quantitative costs of programme management in the Executive Agency are assessed by comparing them to the cost of programme management in DG SANCO, for the years 2006-2009 as stated in TOR, and for the entire lifetime of the Agency in order to assess further the costs of “a closure of the agency as quick as possible” and “closedown on expiry of its current mandate in 2015”.

The scope of this analysis is to compare the costs of the two programme management solutions and to estimate which is the more beneficial and to validate

if the decision taken to establish the Agency was beneficial in monetary terms. The two programme management options assessed in the CBA are:

- Programme management by the Executive Agency. The analysis will cover the two periods of the Health Programme (2003-2008 and 2008-2013).
- Programme management in the Commission by DG SANCO. It is assumed that the allocation of programme management to DG SANCO will lead to changes in DG SANCO organisation chart, as a programme management unit will have to be added in the organisational chart of DG SANCO dealing with programme management.

To a large degree, the CBA is based on historical data as the Agency has been operational for a number of years, and the current mandate expires in 2015. The Commission option compared to the executive Agency option is based on a number of assumptions fully presented in Appendix 5.

Cost effectiveness of the Agency compared to alternative management schemes

The outcome of the CBA (See Table 17) shows that the yearly costs of project management in the Executive Agency have increased from EUR 4.52 million in 2007 to the budgeted EUR 6.77 million in 2010 reflecting the fact that (1) the Agency is reaching cruising speed in terms of work load in 2010/2011 and (2) the addition of the food safety programme and consumer protection programme in 2009.

The yearly difference in costs between project management in the Agency and the alternative Commission scenario is negative in 2007, reflecting the cost of setting up the Agency. In 2008, it increases to EUR 0.62 million and in 2009 to EUR 0.90 million. Until 2013, the cost savings remain stable at approximately EUR 0.9 million.

The yearly cost savings amount to a net present value of EUR 5.14 million over the lifetime of the Agency or 12 per cent of the total EUR 42.83 million costs of the in Executive Agency option (2010 prices). Thus the net present value of EUR 5.14 million represents the difference in programme management costs in the Commission (EUR 47.97 million) and the Agency (42.83) in 2010 prices. The costs are presented in the following Table.

From 2009 to 2013, the Agency is in cruising speed and the yearly management costs will remain stable (adjusted for inflation), this being the last year in which new calls for proposals and tenders are launched. In 2014 and 2015, the costs are reduced significantly reflecting the phasing out of the programme. Remaining open files for 2016 and 2017 would have to be transferred to the Commission for completion and closure assuming that the Agency closes at the current expiry date, end 2015. It is assumed that the costs of closing the remaining open files are similar in the two options. If the mandate of the Agency is extended, it is more likely that the Agency will deal with the remaining open files under a new programme.



Table 17 Estimated programme management costs in EAHC and in DG SANCO (see Appendix 5 CBA for all assumptions)

Number of Staff	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Commission Option</b>	<b>28</b>	<b>37</b>	<b>48</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>33</b>	<b>17</b>
Temporary Agents (including officials)	25	33	42	44	44	44	44	29	15
Contractual Staff	3	4	6	6	6	6	6	4	2
<b>Executive Agency Option</b>	<b>30</b>	<b>39</b>	<b>51</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>35</b>	<b>18</b>
Executive Agency	28	37	48	50	50	50	50	33	17
Temporary Agents (including officials)	8	9	11	12	12	12	12	8	4
Contractual Staff	20	28	37	38	38	38	38	25	13
EC Officials coordination and checks	2	2	3	3	3	3	3	2	1
Costs - Million Euro	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Commission Option</b>	<b>4.67</b>	<b>4.98</b>	<b>7.42</b>	<b>7.96</b>	<b>8.26</b>	<b>8.56</b>	<b>8.88</b>	<b>4.72</b>	<b>2.46</b>
Staff Cost	2.53	3.45	4.50	4.83	5.06	5.31	5.57	3.90	2.04
Overheads <sup>21</sup>	0.64	0.81	1.10	1.15	1.17	1.19	1.21	0.82	0.42
Programme Cost <sup>22</sup>	1.49	0.71	1.82	1.99	2.02	2.06	2.09	0.00	0.00
<b>Executive Agency Option</b>	<b>4.71</b>	<b>4.36</b>	<b>6.52</b>	<b>7.09</b>	<b>7.34</b>	<b>7.60</b>	<b>7.87</b>	<b>4.01</b>	<b>2.09</b>
Cost of coordination and check EC	0.19	0.20	0.30	0.31	0.33	0.34	0.36	0.25	0.13
<b>Cost Executive Agency</b>	<b>4.52</b>	<b>4.16</b>	<b>6.22</b>	<b>6.77</b>	<b>7.01</b>	<b>7.25</b>	<b>7.51</b>	<b>3.76</b>	<b>1.96</b>
Staff Cost	1.93	2.51	3.34	3.69	3.87	4.06	4.25	2.98	1.56
Overheads	1.09	0.94	1.06	1.10	1.12	1.14	1.16	0.79	0.40
Programme Cost	1.49	0.71	1.82	1.99	2.02	2.06	2.09	0.00	0.00
<b>Difference in cost</b>	<b>-0.04</b>	<b>0.62</b>	<b>0.90</b>	<b>0.88</b>	<b>0.92</b>	<b>0.96</b>	<b>1.01</b>	<b>0.70</b>	<b>0.37</b>

<b>Total cost in 2010 prices</b>
<b>47.97</b>

<b>42.83</b>
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<b>5.14</b>
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**Net Present Value (NPV) – Million Euro** **5.14<sup>23</sup>**

<sup>21</sup> Overheads are calculated by multiplying the number of staff/FTE to the average overhead cost in the Commission (see Table D Appendix 5).

<sup>22</sup> The programme costs (costs already incurred and budgeted costs until 2013) are assumed to be similar in the Agency and in the Commission as they fund programme related activities.

<sup>23</sup> Thus the net present value of EUR 5.14 million represents the difference in programme management costs in the Commission (EUR 47.97 million) and the Agency (EUR 42.83 million) in 2010 prices.

#### Cost by programme

The above findings concern costs of managing all programmes allocated to the Agency. By isolating the public health programme, a NPV value of EUR 3.27 million was calculated as compared to a total health programme management cost of EUR 28.90 million (2010 prices)<sup>24</sup>, see table below. The overall savings are EUR 1.87 million less than found for all programmes allocated to the Agency EUR 5.14 million.

However, for the years assessed in this evaluation, 2007 and 2008, the costs are identical. From 2009 until 2013, the yearly differences between the two options are approximately EUR 0.5 million lower than for the full Agency.

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<sup>24</sup> This is calculated by taking the present value (2010) of the yearly costs for the agency option and the commission option

Table 18 Estimated programme management costs in EAHC and in DG SANCO by programme managed (see Appendix 5 CBA for all assumptions)

Costs - Million Euro	2007	2008	2009	2010	2011	2012	2013	2014	2015	Accumulated cost in 2010 prices
<b>Commission Option</b>	<b>4.67</b>	<b>4.98</b>	<b>7.42</b>	<b>7.96</b>	<b>8.26</b>	<b>8.56</b>	<b>8.88</b>	<b>4.72</b>	<b>2.46</b>	
Public health	4.67	4.98	4.41	4.73	4.90	5.08	5.27	2.80	1.46	32.17
Consumer protection			1.79	1.92	1.99	2.07	2.14	1.14	0.59	
Better training for safer foods			1.22	1.31	1.36	1.41	1.46	0.78	0.41	
<b>Executive Agency Option</b>	<b>4.71</b>	<b>4.36</b>	<b>6.52</b>	<b>7.09</b>	<b>7.34</b>	<b>7.60</b>	<b>7.87</b>	<b>4.01</b>	<b>2.09</b>	
Public health	4.71	4.36	3.87	4.21	4.36	4.51	4.67	2.38	1.24	28.9
Consumer protection			1.57	1.71	1.77	1.83	1.90	0.97	0.51	
Better training for safer foods			1.07	1.17	1.21	1.25	1.30	0.66	0.35	
<b>Public health - difference in cost</b>	<b>-0.04</b>	<b>0.62</b>	<b>0.54</b>	<b>0.52</b>	<b>0.55</b>	<b>0.57</b>	<b>0.60</b>	<b>0.42</b>	<b>0.22</b>	3.27

Net Present Value (NPV)

3.27<sup>25</sup>

<sup>25</sup> The net present value presents the discounted (2010) differences in programme management costs in the Commission and in the Agency (see last column in table).

**Staff composition** The additional costs of project management in the Commission are mainly associated with the staff composition. Whereas the Executive Agency can recruit up to 75 per cent contract agents of the total staff and has the flexibility to retain them for the full lifetime of the Agency<sup>26</sup>, the Commission has a limitation on staff resources, which are being allocated according to priorities. This means that DG SANCO has restraints in recruitment of contract agents and cannot retain contract agents for the full lifetime of the public health programme. If DG SANCO could recruit a higher ratio of contract agents, it would benefit from cost savings; however each agent would only be able to remain for a period of three years<sup>27</sup>.

**Sensitivity analysis** The impact of increasing the ratio of contract agents is assessed in the sensitivity analysis of the CBA. The analysis shows that if the Commission would employ above 37 per cent contract agents, the CBA would have a positive NPV in favour of the Commission option. This also reflects differences in staff cost and overheads as the Commission figures are based on averages whereas the Agency figures are based on actual figures.

The sensitivity analysis also shows that the financial rates have less impact on the outcome of the CBA. The need for coordination and checks has a direct impact on the outcome of the CBA.

**Cost of coordination and checks** Coordination and checks comprise staff in full-time equivalents (FTE) in DG SANCO spending time on coordinating and performing checks as a consequence of having a separate institutional setup for project management. It is thus a cost associated to the running of the Agency, which would otherwise not have occurred in the Commission.

According to the Act of Delegation, the Executive Agency is a legal entity with powers delegated by DG SANCO. DG SANCO is entitled to check if the Agency operates in accordance with the rules of sound financial management and to review the Agency's operations and approve changes in procedures or systems. In addition, parent DGs monitoring responsibilities include documentaries and on-the-spot checks for verifying the existence of management and control systems and the legitimacy of the Agency's acts.

It is estimated that the cost of coordination and checks related to the obligatory supervision of the Agency amount to maximum two full-time equivalents per year for the public health programme. In the CBA, these two components are not included as costs to the Agency as they relate to policy and programming work, which is the responsibility of the Commission.

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<sup>26</sup> EU staff regulation, 1-5-2004, conditions of employment of other servants of the European Community.

<sup>27</sup> The average staff costs of contract agents are up to 50% lower than those of Commission Officials.

Table 19 Number of staff (FTE) for coordination and checks DG SANCO

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public health	2	2	2	2	2	2	2	1 1/3	2/3
Consumer protection and better training for safer foods	-	-	1	1	1	1	1	2/3	1/3
Coordination and check	2	2	3	3	3	3	3	2	1

The above table is based on the “Legislative financial statement for the transformation of the “Executive agency for the public health programme” into the “Executive agency for health and consumers” and on estimation by and discussions with DG SANCO.

Comparison of the actual costs of the Executive Agency to the costs estimated by previous CBAs

Comparing of the actual costs of the Executive Agency with the costs estimated by previous CBAs is difficult, as the tasks and overheads foreseen to accrue to the Agency were underestimated at the time when the establishment of the Agency was decided. Thus, the actual tasks and activities of the Agency do not correspond to those of the initial CBA. Nevertheless, the staff allocated to the EAHC does not exceed the numbers initially foreseen. Answers to evaluation questions on relevance (chapter 3) reveal that the workload today is higher than initially foreseen.

As shown in the above sensitivity analysis, the staff ratio between contract agents and temporary agents is the main factor for the cost efficiency of the Executive Agency CBAs. As long as the ratio of contract agent in the Agencies is 75 per cent and in the Commission between 10-20 per cent, the Executive Agency is more likely to be cost efficient (all three CBAs show this).

The costs determined by the number of staff (overheads and salary related costs) vary as the CBAs have been carried out in different years and as this CBA is based on actual costs to a large degree. These differences do not change the outcome of a positive NPV.

Alternative management schemes

The CBA further explores alternative management schemes in case the Agency should be closed before its current expiry date. The only evident alternative to manage an EU programme during the time period evaluated have been to internalise the management and administration to the Commission or to merge the Agency with one of the 5 other Executive Agencies.

## Transfer to DG SANCO

The possibility of PHP management and implementation of DG SANCO has two dimensions being the knowhow and the monetary cost. In terms of knowledge of PHP implementation and management procedures, DG SANCO is able to undertake PHP management despite the changes introduced in procedures by the Executive Agency. The ability of DG SANCO to undertake PHP management derives from a number of factors such as the current involvement of DG SANCO in several stages of proposal selection by the Agency, the organisation of joint action with the Agency, and the follow up on project result. This issue is analysed in detail in chapter 6.3.

From a “retrospective” CBA perspective, the monetary costs of transferring the management from the Agency to DG SANCO would be EUR 2.35 million (2010 prices) reflecting the more expensive programme management option in DG SANCO from 2012 onwards. The transfer would reduce the monetary benefits of having the Agency from EUR 5.14 million to EUR 2.79 million (see table below). Thus, in monetary terms it would not be beneficial to close the Agency before its current expiry date. DG SANCO could offset these additional costs by increasing the ratio of contract agents above the average levels.

Table 20 Cost of transferring programme management from the EAHC to DG SANCO in 2012 (see Appendix 5 CBA for all assumptions)

Number of Staff	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Executive Agency</b>	<b>30</b>	<b>39</b>	<b>51</b>	<b>53</b>	<b>53</b>				
Executive Agency	28	37	48	50	50				
Temporary Agents (incl officials)	8	9	11	12	12				
Contractual Staff	20	28	37	38	38				
EC Officials coordination and checks	2	2	3	3	3				
<b>Transfer to DG SANCO 2012</b>						<b>50</b>	<b>50</b>	<b>33</b>	<b>17</b>
Temporary Agents (incl officials)						44	44	29	15
Contractual Staff						6	6	4	2
Costs - Million Euro	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Executive Agency</b>	<b>4.71</b>	<b>4.36</b>	<b>6.52</b>	<b>7.09</b>	<b>7.34</b>				
Cost of coordination and check EC	0.19	0.20	0.30	0.31	0.33				
<b>Cost Executive Agency</b>	<b>4.52</b>	<b>4.16</b>	<b>6.22</b>	<b>6.77</b>	<b>7.01</b>				
Staff Cost	1.93	2.51	3.34	3.69	3.87				
Overheads	1.09	0.94	1.06	1.10	1.12				
Programme Cost	1.49	0.71	1.82	1.99	2.02				
<b>Transfer to DG SANCO 2012</b>						<b>8.56</b>	<b>8.88</b>	<b>4.72</b>	<b>2.46</b>
Staff Cost						5.31	5.57	3.90	2.04
Overheads						1.19	1.21	0.82	0.42
Programme Cost						2.06	2.09	0.00	0.00
Indemnity payments and resettlement allowance (AC TA)						<b>0.61</b>			
<b>Total cost transfer to SANCO</b>	<b>4.71</b>	<b>4.36</b>	<b>6.52</b>	<b>7.09</b>	<b>7.34</b>	<b>9.17</b>	<b>8.88</b>	<b>4.72</b>	<b>2.46</b>
<b>Total costs Executive Agency</b>	<b>4.71</b>	<b>4.36</b>	<b>6.52</b>	<b>7.09</b>	<b>7.34</b>	<b>7.60</b>	<b>7.87</b>	<b>4.01</b>	<b>2.09</b>
<b>Difference</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.58</b>	<b>1.01</b>	<b>0.70</b>	<b>0.37</b>

Net Present Value (NPV) of transfer

2.79<sup>28</sup>

Total costs 2010 prices
45.62
42.83
2.79

<sup>28</sup> The net present value presents the difference in cost between transferring the management to DG SANCO 1 January 2012 and continuing the programme management in the Agency (see last columns).

### Transfer of programme management to another Executive Agency

The transfer of the programme(s) currently managed by Executive Agency for public health to another Executive Agency would in effect mean transferring the management to Brussels as the five other Executive Agencies are based in Brussels. The Executive Agency for public health is the only Executive Agency based in Luxembourg. The options for a merger would be:

- The two research Executive Agencies (ERC and REA)<sup>29</sup> are dedicated to the management of research programmes namely FP7. If the research part of public health programme was transferred to FP7 and call for tenders and other grants were moved to DG SANCO, this could be an option for a merger.
- The TEN-T EA<sup>30</sup> is an Executive Agency dedicated to large transport infrastructure projects to ensure technical and financial implementation and management of the TEN-T programme. Due to the specialisation of the TEN-T EA in major infrastructure projects and focused on one programme, it is not recommended as a potential merger option.
- The mission of the EACEA<sup>31</sup> is to implement a number of strands of Community funded programmes and actions in the fields of education and training, active citizenship, youth, audiovisual and culture. It is a large Agency however the Agency is used to deal with different types of programmes and various DGs. This could be a suitable agency to transfer the public health programme.
- The EACI<sup>32</sup> is dedicated to the management of energy, transport, environment, competitiveness and innovation and reports to DG Energy, DG Mobility and Transport, DG Enterprise and DG Environment. The thematic focus of the agency is different from the Executive Agency for public health. However, as with the EACEA, the EACI is used to dealing with different types of programmes and various DGs and also seems to be a potential suitable agency for a merger.

Should the Commission decide on an immediate closure of the EAHC with its current mandate and programme and merge the Agency with one of the Agencies in Brussels, the EACEA or the EACI could be a realistic alternative management option for the current programme. However, more in-depth assessment is needed before such a decision can be made.

The benefits of unifying this Executive Agency with another Executive Agency consist in the reduction of administrative costs, common need for horizontal services, overheads and the achievement of economies of scale within these. More specifically, the merger of the Executive Agency with one of the above-mentioned Agencies (for example EACEA or EACI) could reduce the cost of

<sup>29</sup> ERC –European Research Council Executive Agency; REA – Research Executive Agency

<sup>30</sup> Trans-European Transport Network Executive Agency

<sup>31</sup> Education, Audiovisual and Culture Executive Agency

<sup>32</sup> Executive Agency for Competitiveness and Innovation



horizontal services and SLA expenses (service level agreements with the Commission) in public health programme management. However, the reduced costs are likely to be relatively insignificant compared to the current total administrative budget. Staff costs would be similar in the two options, however, given the lower costs of living in Brussels compared to Luxembourg, it may prove easier to attract and retain staff.

A disadvantage of merging the Executive Agency with another one in Brussels could be the proximity to DG SANCO Directorate C. However for the two other programmes managed by the EAHC, their parent directorate, DG SANCO, is based in Brussels and would have the advantage of proximity.

Given that the current Agency is operating effectively and that the current public health programme runs until 2013 and the mandate of the Agency until 2015 it does not seem a plausible solution to close the Agency. The risks of disruptive programme management would outweigh the monetary benefits, if any.

A decision to merge the Agency with another executive agency could be considered depending on the size and design of the new public health programme and financial perspective 2013-2020.

### **5.1.3 Conclusion**

The retrospective CBA shows that, in monetary terms, the management of the public health programme in the Agency is beneficial compared to the programme management by the Commission. This assessment is based on the assumption that an identical level of services would be delivered by the Commission, which in effect would mean establishing a unit in the Commission identical to that of the Agency. However, it is also found that the monetary benefit is limited and changes to some of the assumptions will counterbalance the benefit, namely the ratio between officials and contract agents in the Commission option.

The CBA further explores alternative management schemes in case the Agency is closed before its current expiry date. The alternatives for programme management at the time of this assessment were to internalise the management and administration to the Commission or to merge the Agency with one of the five other Executive Agencies (the more likely options being EACEA or EACI).

## **5.2 To what extent are the costs of the Agency (including the annual costs of coordination and monitoring) justified by the added value the Agency has created and the progress made in management and execution of the programmes since 2005?**

### **5.2.1 Introduction**

The cost effectiveness of the Executive Agency is evaluated according to:

- Assessment of the outcome of the CBA and quantitative efficiency gains (assessed in Appendix 5), the effectiveness and qualitative efficiency gains achieved by the Agency (e.g. improved quality of project management as identified in Chapter 4).

The evaluation question is answered based on the outcome of the CBA estimating the monetary benefits of the agency and the evaluation questions focusing on effectiveness (Chapter 4).

### **5.2.2 Evidence**

Effectiveness

Through evaluation questions answered in Chapter 4 focusing on the effectiveness of the executive Agency, a number of achievements became evident in terms of improving the services delivered under the public health programme by the Agency as compared to the previous situation.

A number of achievements have been made by the Agency, and in summary they include:

- The Agency has overall managed to fulfil the goals set at the beginning of each year for the period 2006-2008.
- The Agency has improved the management of the public health programme by introducing new elements in the implementation and monitoring of the programme and in the proposal selection procedure.
- The Agency has managed to provide better services to beneficiaries and applicants compared to previous management solution.
- The Agency has reduced time to contract and payment delays.
- Beneficiaries and applicants of the Executive Agency are satisfied by the quality of the services provided to them.

Despite the positive developments of the Agency there are still areas that can be improved. These mainly relate to the interaction between the Agency and DG SANCO, and in particular to the feedback mechanisms and communication between DG SANCO and the Agency.

The achievements of the Agency were made despite the fact that the initial planning of the Agency did not take into account all the horizontal services needed and which today has led to a very high workload of the Agency. The Agency was relatively small when established (before extension) reflecting the size of the public health programme which is smaller than initially anticipated at the time of creating the Agency (preparing the first CBA).

The costs of the Agency

The monetary costs of the Agency were presented in the previous evaluation question based on calculations in Appendix 5. For the purpose of this evaluation question the cost of the Executive Agency, the costs of the Commission option and the costs for coordination and checks is presented in the table below for the period evaluated 2007-2009.

Table 21 Cost of programme management 2007 - 2009

Million EUR	2007	2008	2009
Cost of Commission option	4,67	4,98	4,41
Cost of Executive Agency option	4,71	4,36	3,87
- Of which cost of coordination and checks	0,19	0,20	0,20
Number of staff for coordination and checks – FTE	2	2	2

Source: Appendix 5

For the three first full years of operation, the costs of the Agency declined reflecting the extra costs of establishment as well as the extension of the Agency to manage also the Consumer Programme and Better Training for Safer Food Programme. For 2009 certain costs are shared between the three programmes based on the cost accounting system<sup>33</sup>.

The number of staff for coordination and checks has been estimated to be around 2 FTE. This can seem high compared to an Agency like the EACEA in which the estimation was 4 FTE (employing approximately 400 staff and running a number of programmes with three parent DGs). One explanation is that the nature of the public health programme requires closer coordination between the agency and the parent DG doing the institutional tasks and policy making. Another explanation is the lack of a clear definition of coordination and checks and of the limit between obligatory meetings and coordination related to institutional tasks and policy making.

Table 22 Commitment appropriations 2007 - 2009

Million EUR	2007	2008	2009
Public health	39,97	36,24	39,55
Percentage of administrative costs	11,7%	12,0%	9,8%

Source: Agency AAR 2007, 2008, 2009

<sup>33</sup> Cost accounting system, 2009, EAHC/PWC

The Table above presents the annual commitment appropriations made under the Public Health Programme in relation to the project management costs. The time period is very limited and flawed by the establishment costs in 2007 and 2008 and the need to reach cruising speed by 2009-2010. Nevertheless, in 2007 and 2008 programme management costs are close to 12 per cent of commitment appropriation reaching 9.8 per cent by 2009.

These rates are very difficult to compare to other programmes as they depend on how the programme is managed, the activities carried out by administrators and the structure and funding tools used.

### **5.2.3 Conclusion**

An Executive Agency is a dedicated programme management organisation and it is cost effective in monetary terms (due to the staff composition) when compared to similar services provided by the Commission.

The achievements of this Executive Agency show a positive development in terms of service delivery since 2007 and when compared to the previous programme management. The beneficiaries have recognised improvements in service delivery, as was described in Chapter 4.

The level and corresponding costs of coordination and checks as identified in the CBA amount to approximately 2 FTE per year for the period 2007-09. The costs of coordination and checks are approximately 5 per cent of the total management costs.

Regarding administrative costs as a percentage of the commitment appropriations the indication is a declining trend from 12 per cent in 2007 to 9.7 per cent in 2009.

## **5.3 To what extent have the Agency's internal organisation and procedures been conducive to making it efficient?**

### **5.3.1 Introduction**

This evaluation question is answered based on the following criteria:

- Added value of internal work procedures of the Agency.
- Assessment of the organisational structure of the Executive Agency.

This evaluation question is answered based on document review as well as interviews with SANCO and Executive Agency staff.

Financial transactions in the Executive Agency and DG SANCO

### 5.3.2 Evidence

An important part of the internal procedures of the Executive Agency and crucial factor for judging the Agency's efficiency is the financial circuit for conducting financial transactions. The financial circuit applied in the Executive Agency is considered a critical factor in reaching conclusions for the Agency's efficiency as financial transactions constitute an important part, in terms of time and resources, of the project life cycle. In order to evaluate the efficiency of the internal financial procedures and to create a benchmark, we will analyse and compare in parallel with DG SANCO internal financial procedures.

Financial transactions in the Executive Agency should comply with the principles of sound financial management as defined in the Financial Regulation 1605/2002. Apart from the overall principles regulating financial transactions, the financial circuits applied in the Executive Agency render it efficient. The main principles of the financial procedures applied by the Executive Agency are objectivity and independence. The differences between the financial transaction procedures between the two entities (DG SANCO and the Executive Agency) are detected in the degree of centralization and the number of steps.

The main factors of the financial circuit are operational initiator, operational verifier, financial initiator and financial verifier. The procedure starts with the operational initiator establishing the dossier of commitment. The operational initiator is the same for both entities (project officer in the Executive Agency, head of operational unit in DG SANCO). The same applies for the operational verifiers.

A factor that renders the Executive Agency objective and efficiency in conducting financial transactions is that, the financial officer belongs to a different entity (administrative unit) than the one in charge of implementing the programme (Health Unit). The fact that they belong to separate entities provide the authorising officers the assurance that they work independently and that the operational initiators cannot have impact on the work done by the financial officers.

Another element that differentiates the financial procedures of the Executive Agency from those in DG SANCO concerns the financial verification.

In DG SANCO, the financial verification is done by a financial officer, who is a colleague of the financial initiator. There is, on top of that, a second level financial verifier in unit A3 (located in Brussels) that samples files (Monetary Unit Sampling). The files selected for sampling are sent to DG SANCO in Brussels for additional verification.

In the Executive Agency, all files are verified once by one financial verifier. The financial verifier is attached directly to the Director. The main benefits of the process applied in the Executive Agency are that the process is simple and short. In addition, the Executive Agency approach can ensure independence of the financial verifier.

The Executive Agency has been able to adopt a shorter financial circuit compared to DG SANCO and to elaborate clear working procedures, which has made it compliant with the planned outputs and reducing substantially certain delays in payment and contract signature after award.

The Agency has established a system of internal procedures and controls that ensure the compliance with European Commission institutional rules and proper implementation of the PHP programme.

Use of Commission accounting systems

Transactions of the Agency are conducted through the Commission ABAC, AP and SWIFT systems ensuring the validation of each financial transaction by the Agency's authorizing officer and accountant.

Performance measurement

Regarding internal allocation of tasks and performance, it is noted that in the Executive Agency there is clear allocation of tasks supported by the structure of the Agency (scientific and administrative units). Regarding performance it is crucial to mention that the Agency sets performance indicators at the beginning of each in the AWP. This gives the chance to the bodies supervising the Agency (Steering Committee, DG SANCO) to evaluate the operations and efficiency of the Agency on annual basis based on commonly accepted criteria and by comparing targets set and final output.

Organizational structure of the Executive Agency

The organisational chart of the Executive Agency with clear reporting and supervision lines and responsibilities is conducive to efficiently carrying out the required tasks. The achievements in terms of harmonised procedures for implementation of programmes, simplified proposal submission, award process and project life cycle and the high number of information days organised have shown that the administrative unit and the health unit collaborate efficiently - in spite of the high work load of project and financial officers.

### 5.3.3 Conclusion

Overall, we can conclude that the internal organisation and procedures of the Executive Agency is sufficient and ensures efficiency in the Agency's operations. The comparative benefit of the Executive Agency with regard to DG SANCO (previous programme management scheme) is the financial circuit applied. The Executive Agency has managed to apply procedures for financial transactions that are shorter than those of DG SANCO and at the same time objective and efficient.

In addition, the organisation chart of the Executive Agency is in accordance with the needs of the programme and tasks allocated to it. On top of this, the performance indicators set at the beginning of each year help measure to the extent possible the efficiency of the Agency and evaluate its annual performance.

## 6 Utility

*Utility refers to the usefulness of the Agency for DG SANCO in improving its functions, such as development and design of public health policy and knowhow development and maintenance in programme management.*

### 6.1 To what extent has the Agency enabled the Commission to focus more on its institutional tasks?

#### 6.1.1 Introduction

The answer to this question is based on the following judgement criteria:

- Transfer of PHP to the Agency and allocation of responsibilities between DG SANCO and the Agency after the creation of the Agency.
- Activity in the Commission regarding policy design and policy documents before and after the creation of the Executive Agency.
- Number of staff allocated to institutional and policy design tasks in DG SANCO after and before the establishment of the Executive Agency.

The main sources of information and data collection to answer this evaluation question are document review and personal interviews with DG SANCO and Executive Agency staff.

#### 6.1.2 Evidence

The creation of the Executive Agency was based, among other things, on the perception that outsourcing the implementation and management of the PHP to an Executive Agency would render DG SANCO able to allocate its resources to public health policy design and focus solely on institutional aspects as its mission statement requires.

In line with this approach, DG SANCO was expected to transfer PHP management to the newly created Executive Agency. Contrary to this, DG SANCO decided to transfer only part of PHP management to the Executive Agency. More specifically, Commission Decision 2004/858/EC setting up the Executive Agency for public health clearly states that the Agency will be entrusted with

the management of all the phases of specific projects in the context of implementing the PHP.

The study conducted in 2002 on the externalization arrangements for the PHP recommends that only certain activities of the three PHP strands should be outsourced to the Executive Agency. At the time of the Agency creation, it was decided to transfer to the Agency only 30/40 projects per year equalling 50-60 per cent of the DG SANCO project management workload. It was up to DG SANCO to decide which projects to transfer to the Executive Agency. The decision for partial transfer of projects to the Agency was reconsidered in 2004, and it was decided to transfer all PHP strands to the Agency apart from specific projects which were considered of strategic importance and which remained under the responsibility of DG SANCO.

The delegation act adopted by the Commission in 2005 foresaw that only new projects were to be transferred to the Agency in two phases: in 2005 the health determinant strands; in 2006 all strands of the programme.

In 2005 the Agency had no staff. Therefore the programme was entirely managed by DG SANCO. In 2006, both the Executive Agency and DG SANCO were involved in PHP implementation and management. The Health Determinant strand was transferred to the Agency in 2005, but project proposals were contracted by DG SANCO (for year 2005) and transferred later to the Agency. In parallel to this, project proposals for other strands of the 2005 call were not only contracted but also managed by DG SANCO. It is also important to note that in 2006 the Agency had not yet been granted the signature power. This resulted in the transitory period of shared programme management between the Executive Agency and DG SANCO.

The decision of DG SANCO to be involved in PHP management after the creation of the Agency and the selective transfer of projects and responsibilities to the Agency are not in accordance with the rationale for creating the Executive Agency, which was meant to separate policy design and implementation so that resources in DG SANCO are reallocated from project management to policy work. Although DG SANCO has devoted resources (human resources, time, and financial resources) to the creation of the Agency, it seems that it did not use the full potential of the Agency as it continued being involved in PHP management without focusing entirely on institutional and policy tasks.

The selective transfer of projects to the Executive Agency has partially freed human resources in DG SANCO but the impact on policy “production” cannot be quantified because the mere number of activities and outputs in policy and strategy design is not a reliable indicator, as policy work is basically of qualitative nature leading to different types of outputs apart from documents, such as initiating and facilitating collaboration of stakeholders and decision-making.



### 6.1.3 Conclusion

Although the creation of the Executive Agency and the transfer of certain projects to it have created the presuppositions for DG SANCO to reallocate its resources and focus entirely in policy issues, this has happened partially and not to the extent possible. DG SANCO did not benefit from the full potential of the Agency creation in terms of focus in policy design due to the delays observed in rendering the Executive Agency an autonomous organization (power of signature).

## 6.2 To what extent has the work of the Agency made it clearer for DG SANCO to adapt the programme and its Annual Work Plans (AWP) to the needs of stakeholders and to increase visibility?

### 6.2.1 Introduction

For this evaluation question, the following judgement criteria have been defined:

- Identification of new dimensions of the PHP (e.g. new priority areas, new financial instruments etc).
- Satisfaction of beneficiary needs.
- Simplification/rationalization of procedures.

Data collection for this evaluation question is based on document review (e.g. Calls for Proposals, mapping exercises, project portfolio analysis, internal procedures of the Agency, e-surveys exploring the degree of beneficiaries satisfaction with the services provided). Personal interviews with DG SANCO and Executive Agency staff complement the document review.

### 6.2.2 Evidence

Apart from the activities relevant to PHP implementation and management, the Executive Agency has taken action in analysing PHP project results and identifying recommendations for future work plans. The Executive Agency has conducted internally or through outsourcing mapping exercises in order to explore the connection between the work programme and the projects. The most recent example is the portfolio analysis of the health project mapping 2003-2009 exercise conducted in 2009. In this study launched by the Executive Agency, the coverage of the PHP objectives and work plan priorities is analysed as well as the European added value of specific case studies. In addition, the study includes recommendations for policy areas to be included in future work plans, sustainability and impact of project results and funding distribution among instruments.

Portfolio analysis/mapping exercises

Meeting beneficiary needs

The EAHC has substantially increased communication and information with beneficiaries, which clearly led to more visibility of the PHP, e.g. through the attendance of larger number of beneficiaries at information days, use of National Focal Points, increased information and the use of the Agency's website. The growing satisfaction of beneficiaries is also reflected in the e-survey conducted by the Executive Agency in 2008 referring to the peer review of the evaluation week in 2008.

The closer interaction with stakeholders also gives room for adapting the PHP and funding tools to their needs. The EAHC has successfully simplified procedures for beneficiaries (see *Application procedure* under Chapter 4.2).

The website of the EAHC certainly contain a platform for formal feedback from beneficiaries as a new cooperation channel, and the recently opened joint database of DG SANCO and the EAHC could serve as a first entry point of systematic information exchange on project results, e.g. through short summaries of good or best practices, lessons learnt etc.

Simplification/rationalization of procedures

The contribution of the Executive Agency in rationalizing and improving the PHP procedures is focused on the changes introduced in several steps of the project lifecycle. Since its establishment, the Agency has simplified the application procedures and updated the application guidelines. Timeliness has been improved for the benefit of beneficiaries by reducing delays in payments and time to contract (for more detail son the improvements in project life cycle see chapter 4.2).

### 6.2.3 Conclusion

Consequently, it can be concluded that through the effective interaction with beneficiaries and the new elements launched in project life cycle, the Agency has helped the Commission tailor the public health programme and the annual work plans to the needs of the beneficiaries and has begun to integrate the results of previously funded projects in the future health policy.

## 6.3 To what extent has the Agency enabled the Commission to maintain an adequate level of knowhow in relation to the programmes entrusted to the Agency? How has it been achieved?

### 6.3.1 Introduction

The judgement criteria used to answer this question are:

- Level of programme management knowhow among DG SANCO officials
- Interaction of the Executive Agency and DG SANCO during project life cycle

- Identification and evaluation of reporting and feedback mechanisms between the Executive Agency and DG SANCO

The answer to this evaluation question is based on review of documents relevant to procedures for interaction and communication between the Agency and DG SANCO staff. Data collected through document review are validated through interviews with DG SANCO and Executive Agency staff.

### 6.3.2 Evidence

One of the basic elements of the rationale for the creation of Executive Agency was the separation of public health programme design and implementation. DG SANCO has considered that allocating PHP implementation to the Executive Agency would allow it to allocate its resources to policy production and focus on institutional tasks.

Although this approach has many benefits and is widely accepted as the most effective as proved by the analysis conducted in previous evaluation questions, it is necessary that DG SANCO follows the developments in PHP implementation and management so that the link between the AWP, content of the PHP and PHP implementation is sustained. The risk that DG SANCO will lose capacity and knowledge of the project life cycle after the creation of the Executive Agency should be taken into account especially after the changes/improvements launched and implemented by the Executive Agency in project life cycle.

Document review and interviews with DG SANCO staff have shown that the ability of DG SANCO to retain knowledge on PHP implementation and follow the developments in the Executive Agency is secured to a large extent due the following factors.

Involvement of DG SANCO in Agency procedures

Although as mentioned before the Executive Agency has introduced many changes in project life cycle, DG SANCO does not face a high risk of losing contact with the Agency tasks because it is actively involved in many parts of the project life cycle. For example, DG SANCO is involved in proposal selection procedure as DG SANCO staff participates in the Evaluation Committee dealing with application of contract award criteria and final proposal selection.

Joint actions

Document review has also shown that DG SANCO co-organises with the Executive Agency information days for increasing project impact and visibility among entities interested in EU public health. That means there is still a link between DG SANCO and beneficiaries-applicants of the programme.

Mapping exercises

The mapping and portfolio exercises conducted by the Executive Agency in order to evaluate project results and identify possible areas for expansion are another tool that can be used by DG SANCO to enhance the link between the PHP and the AWP.

Rules for financial transactions

DG SANCO capacity in project management is also enhanced by the fact the financial circuit applied in financial transactions in the Agency complies with the EU Financial Regulation.

Seconded officials as and programme management knowledge

Although DG SANCO allocated PHP implementation and management to a specialized body such as the Executive Agency, it is accepted among DG SANCO staff that the Commission has followed up with knowhow in programme management and implementation. The level of knowhow within DG SANCO is still maintained because some of the seconded temporary agents currently working in the Agency are Commission officials. That means that in case the operation of the Agency is terminated, these employees will be transferred back to DG SANCO and provide knowhow in PHP management according to the experience gained in the Agency.

Access to project results

In addition to the above-mentioned factors that help DG SANCO follow the developments in the Agency and maintain to a large extent knowhow on programme management, access to final project reports needs to be highlighted. DG SANCO receives feedback from the Agency on the final reports of projects. The scope of the feedback provision is to support DG SANCO in the design of the health policy by integrating in the policy documents best practices and lessons learnt of funded projects. It should be noted that part of DG SANCO staff interviewed (for details see Appendix 3) has remarked that DG SANCO does not get the maximum information possible and that the added value of this process could be increased. Under the current circumstances, this is not entirely feasible because the format of the final reports is not very user friendly, mainly because the final reports are often lengthy documents.

Although the Agency has responded to this need by requesting the beneficiaries to include an executive summary in the final report providing summaries of project results in each final report, there is room for further action. The organisation of working groups and sessions between the EAHC and DG SANCO could help repair this discontinuity in communication and information exchange on project final results. It is recommended that the EAHC and DG SANCO agree on the conduction of meetings to discuss and analyse the results of funded projects. In that way, DG SANCO will obtain an overview and a clear understanding of the impact and the added value of the projects.

### 6.3.3 Conclusion

Overall, we can conclude that DG SANCO has managed to maintain knowhow in PHP project management and is able to ensure compatibility between the AWP and the implementation of the PHP. The capacity of DG SANCO is attributed to its involvement in several stages of the project life cycle (proposal selection, application of contract award criteria) and to the joint action with the Executive Agency such as the organisation of information days for applicants and beneficiaries. In addition, frequent communication with the Executive Agency (through official procedures as foreseen in the Act of Delegation and unofficial ad hoc communication) gives to DG SANCO the chance to follow the developments in the Executive Agency.

The challenge for DG SANCO in case it is asked to undertake PHP management is not the application of procedures through project life cycle but the estimation and availability of human resources required. Taking into account the lack of human resources in the Executive Agency deriving from the inadequate human resources planning, the lesson learnt is that it is critical to pay much attention to the human resources strategy in case DG SANCO decides to undertake PHP management.

## **6.4 To what extent have the activities of the Agency resulted in unintended effects (both desirable and undesirable)?**

### **6.4.1 Introduction**

This evaluation question is based on the following criterion:

- Description of unexpected benefits or negative issues observed from the Commission, Agency staff and beneficiaries.

The main tool used for data collection in this evaluation question is interviews with DG SANCO and Executive Agency staff.

### **6.4.2 Evidence**

Interviews with DG SANCO and Executive Agency staff have shown that the first years after the creation of the Agency there was scepticism from part of DG SANCO staff about the Agency's added value and ability to perform the tasks allocated to it.

A number of factors can explain this perception. First the underestimation of the Agency's needs in human resources limited the value added of the Agency as it limited its role mainly to administrative tasks. In 2006, the Agency focused on completing its administrative set up. The focus of the Executive Agency in 2006 was also on finalising the recruitment procedure. Consequently during this period, the Agency did not act proactively and provided limited support to DG SANCO in terms of suggestions of AWP development, project result dissemination and improvements of the PHP as the agency was not autonomous yet. It has to be noted that the Agency became more active in the above-mentioned areas after the completion of its organisational and operational set up and after being granted autonomy on January 1<sup>st</sup>, 2007.

Another factor that explains the scepticism of part of DG SANCO staff regarding the Agency's added value is the lack of sufficiently reliable and continuously reported performance indicators. Without systematic evidence provided on performance (and thus cost-efficiency), there was also, in the eyes of some DG SANCO staff, insufficient justification for the Agency's added value, and in consequence statements to the effect that the previous in-house solution is equally or better suited were made. This perception might be attributed to the

partial transfer of PHP projects to the Agency foreseen in the delegation act adopted by the Commission. More specifically, the decision for the Agency creation was not optimal because the creation of the Agency did not result in the immediate separation of policy design and programme implementation but to shared programme management between DG SANCO and the Agency (until the Agency became autonomous on 1 January 2007).

This lack of confidence in the Agency's performance also plays a part when it comes to a certain resistance of DG SANCO staff to collaborate with the officers from the Agency as stated in some interviews. Therefore, the improvement of evidence on (good) performance and thus added value through reliable performance indicators is expected to have positive effects on trust and appreciation of the Agency's qualities, which is equally expected, to a certain extent, to lead to smoother collaboration between the Agency and DG SANCO.

It should be noted that the perception by DG SANCO staff of the added value of the Agency has been progressively improved through the years as the Agency has managed to prove its capabilities in project management and provide scientific support to DG SANCO for AWP and future programmes development, always taking into account its given human resources and high workload.

The fact that DG SANCO continued managing projects after the creation of the Agency enhanced the view among some DG SANCO officials that the Agency did not provide specific added value as programme implementation could be conducted by DG SANCO as well. Also, the involvement of DG SANCO to programme management in 2005 and 2006 has created confusion and very often dispute over the Agency's ability to undertake completely PHP implementation.

### **6.4.3 Conclusion**

Overall, we can conclude that the added value of the Agency was not obvious since the day of its establishment. Due to an incomplete operational and organisational set up, lack of human resources and shared responsibilities with DG SANCO, the Agency could not prove its full potential in implementing the PHP.

As a result its appropriateness and capabilities in managing the PHP were disputed by part of DG SANCO staff. This perception was not permanent as after acquiring full autonomy and getting the required resources and procedures in place, the Agency has managed to prove to its stakeholders its ability to manage the PHP.

## **7 Overall conclusions, findings and recommendations**

### **7.1 Overall conclusions and findings**

The evaluation is structured according to four evaluation themes being relevance, effectiveness, efficiency and utility. In each of these evaluation themes, a number of specific evaluation questions are analysed according to the ToR. Below, we present the overall evaluation findings for each evaluation theme.

#### **7.1.1 Relevance**

Relevance explores the degree to which the Executive Agency is an appropriate solution for PHP management and implementation in terms of legal framework, objectives clarity, human resources and satisfaction of stakeholders needs.

The need for establishing Executive Agencies has emerged by the weaknesses of previous management schemes used by the European Commission for implementing Community programmes. The most widely used Community management schemes before the creation of Executive Agencies were outsourcing to private entities (Technical Assistance Offices) and programme management by the European Commission Directorates Generals. The Executive Agency set up was considered the most appropriate solution in Community programme management. In December 2002, the European Commission established Executive Agencies by Regulation 58/2003 foreseeing that Executive Agencies could be entrusted with implementing Community Programmes under the supervision of the European Commission, adopting instruments for Community programmes implementation such as contract and grant awards and undertaking initiatives for the analysis and feedback provision to the Commission on the programme implementation results.

The peer review of the Regulation setting up Executive Agencies and the Act of Delegation for the Executive Agency for public health has shown that the legal set up and the tasks allocated to the Executive Agency are relevant to PHP management and implementation and that the Agency fully complies with the Regulation determining the set up of Executive Agencies.

Document review, personal interviews and e-surveys conducted also verify that the Executive Agency is the appropriate management solution as overall the Agency manages to meet the needs of PHP beneficiaries and stakeholders.

Regarding the human resources allocation in the Executive Agency, the analysis has shown that the Agency lacks human resources to handle tasks and cope with the workload. The human resources planning of the Agency at the time of its establishment was based on a study that did not foresee the need for staff to cover a number of horizontal posts. As a result, part of the total staff was allocated to horizontal posts and consequently fewer employees were available for project management posts (project and financial officers). This situation was further aggravated by the increasing number of projects per year, which further drained staff resources and intensified the lack of human resources in the Agency.

Another issue related to the human resources in the Agency is staff retention. Although the Agency can recruit qualified staff with capabilities tailored to its needs, a relatively high percentage (year 2007: 16%, year 2008: 21%) of staff turnover is observed. The analysis has revealed that staff turnover is attributed to relatively low salary levels (compared to salary levels in other public institutions) in combination with relatively high costs of living in Luxembourg and to the limited career prospects in the Executive Agency. Benchmarking with other Executive Agencies that perform similar tasks has shown that staff turnover is not only observed in the PHEA/EAHC but also in other Executive Agencies. This conclusion leads to the remark that responding to the staff turnover issue requires reconsideration of the employment conditions in Executive Agencies in general.

### **7.1.2 Effectiveness**

Effectiveness refers to the capacity of the Executive Agency to implement successfully the PHP. The evaluation of the Agency's effectiveness includes analysis of internal procedures in project management and improvement introduced in project life cycle and services provided and interaction of the Agency with its stakeholders.

The overall conclusion regarding programme implementation is that the Agency has managed to implement the PHP effectively. The comparison of the Annual Work Programme of the Agency defining the goals set for each year fully complies with the Annual Activity Report (AAR) reporting the achievement of the Agency for each year shows that the Agency has overall managed to meet the goals set for each year and implement processes in a timely manner.

The added value of the Executive Agency in PHP implementation is not only the timely implementation of procedures, but also the improvement of project management procedures. More specifically, the Executive Agency has enhanced the objectivity and robustness of the proposal selection procedure by updating the award criteria and by involving three external proposal evaluators in the process. Also, delays in contract signature and in payments to beneficiaries have been significantly reduced since the Executive Agency took over PHP management. The Agency has worked on increasing the visibility of the PHP by organising information and dissemination activities for the PHP and project results. The achievements of the Agency and its value added of allocating PHP



management to the Agency are also verified by the results of the e-survey concluding that beneficiaries and applicants are overall satisfied with the services provided by the Agency.

The Agency stakeholders overall acknowledge that the Agency has provided them services of high quality corresponding to their needs. The responses to the e-surveys (those conducted by the Executive Agency and that conducted for the purposes of this study) confirm that beneficiaries and applicants appreciate the services provided by the Executive Agency. Regarding DG SANCO, it should be noted that it has also benefitted from the Agency's activities, as the Agency has supported it in adapting the content and funding tools of the PHP to findings, best practices and lessons learnt from previously funded projects through mapping exercises and project portfolio analysis. However, the Agency did not manage to make remarkable progress with the NFP network. The e-survey conducted by the Agency addressed to representatives of NFPs found that expectations are high for optimization of the use of this communication channel. It clearly emphasises the need of the NFPs for more training and information on the developments in the public health sector.

Document review and personal interviews testify that the rules regulating the coordination between the Agency and DG SANCO are sufficient. It is important to mention that the application of coordination rules and communication between the Agency and DG SANCO has been developing and progressing since the day of the Agency establishment. In the first years of the Agency's existence, coordination was mainly limited to provision of administrative information. Progressively, the Agency has started providing DG SANCO not only with technical but also with scientific support (mapping exercises and portfolio analysis for PHP, contribution of the Agency to DG SANCO AWP, etc). Even though progress has been achieved in this area, interviews with DG SANCO staff indicate that there is still a potential for enhancing coordination and synergies between the two entities.

### **7.1.3 Efficiency**

Cost efficiency focuses on the added value produced by the Agency in relation to its costs and to the efficiency of the Agency's internal procedures.

The retrospective CBA shows that, in monetary terms, the management of the public health programme in the Agency is beneficial compared with programme management by the Commission. This assessment is based on the assumption that the similar services would be delivered by the Commission, which in effect would mean establishing a unit in the Commission identical to that of the Agency. However, the monetary benefit is limited and changes to some of the assumptions of the CBA, namely the ratio between officials and contract agents in Commission option, will counterbalance the benefit.

The calculated net present value of programme management by the Executive Agency amounts to EUR 5.14 million over its lifetime, compared to the Commission option, which represents 12 per cent of the total EUR 42.83 million

costs of the Executive Agency. The level and corresponding costs of coordination and checks as identified in the CBA amount to approximately 2 FTE per year and approximately EUR 0.2 million per year. The costs of coordination and checks are approximately 5 per cent of the total management costs. Regarding administrative costs as a percentage of the commitment appropriations, the indication is a declining trend from 12 per cent in 2007 to 9.7 per cent in 2009.

The CBA further explores alternative management schemes, in case the Agency is closed before the expiry of its mandate. The only evident alternatives for programme management at this time are to internalise programme management to the Commission or to merge the Agency with one of the five other Executive Agencies.

The achievements of this Executive Agency show a positive development in terms of service delivery since its establishment compared to the previous programme management. The beneficiaries have also recognised improvements in service delivery.

In addition to the previously mentioned positive aspects, the structure and internal procedures of the Agency render it efficient in programme management. The increased efficiency of the Agency is attributed to the financial circuit applied that is shorter than the one in the Commission as well as to its organisation chart that is more in accordance with programme structure and task allocation in the organisation. On top of this, the performance indicators set at the beginning of each year are a tool to measure to the extent possible the efficiency of the Agency and to evaluate its annual performance.

#### **7.1.4 Utility**

Utility refers to the degree to which the operations of Executive Agency are useful to DG SANCO in performing its tasks such as PHP content design (selection of priority areas, objectives and funding tools), and follow-up on the developments in PHP implementation and management.

The Executive Agency as a management tool for implementing and monitoring the PHP has proved to be appropriate. The decision to allocate PHP to an Executive Agency was targeted at separating policy design and implementation. Although this was the initial scope, DG SANCO decided not to allocate all PHP projects to the Agency and kept part of them under its responsibility. From what is mentioned above, we can conclude that although DG SANCO had the possibility to focus entirely on institutional tasks, it has not fully used this potential during the period assessed. Contrary, DG SANCO continued being involved in project management activities in the initial phase after the creation of the Agency.

The creation of the Executive Agency had a positive impact on the content of the programme and supported DG SANCO in policy design. The Agency has developed a number of activities targeting at closer interaction with programme beneficiaries, improving the added value of certain stages of proposal evalua-

tion and project management. It is important to mention that there is potential for further achievement in the area of results interpretation for programme design; this will be analysed in the recommendation section (section 7.2).

The analysis found that it is possible for DG SANCO to follow up on the developments in PHP management and to maintain knowledge in programme management and implementation due to its involvement in several stages of project selection and management and due to the joint DG SANCO/Agency action taken in certain tasks, such as the organisation of information days for application and beneficiaries. In addition, the secondment of DG SANCO officials to the Agency for a limited duration ensures the creation of a skilled team in programme implementation in DG SANCO. Frequent communication and information exchange between the Agency and DG SANCO also have a positive impact on enhancing DG SANCO knowhow of PHP management. From the above, it can be concluded that DG SANCO is capable of undertaking PHP management in terms of knowhow provided that the required human resources are available.

Despite the utility and the supportive role of the Executive Agency to DG SANCO, scepticism was observed among part of DG SANCO staff about the Agency's ability to successfully implement the PHP and ensure its added value. The main reasons for this reservation are attributed to the lack of human resources in the Agency and the transitory period that elapsed before the operational and administrative set up of the Agency was in place. In addition, the involvement of DG SANCO in PHP management after the creation of the Agency created disagreement in part of DG SANCO about the Agency's utility and ability to undertake effectively PHP implementation.

## 7.2 Recommendations

Based on the findings and conclusions, the following recommendations are made:

- The high and increasing workload of project managers could be solved by involving external experts in project monitoring. The concept of hiring external evaluators in the proposal selection procedure could also be applied in project monitoring taking into account that the Executive Agency has already access to external experts that could undertake this task. This option is recommended only in periods of heavy workload for the Agency and in cases where there is no conflict of interest and other alternative available because the extensive use of external experts could have an impact on the administrative costs of the programme.
- On the issue of human resources in the Executive Agency, it is concluded that the Agency faces challenges of staff retention, mainly attributed to the employment conditions for contractual agents in the Agency. Taking into account that other executive agencies are facing similar staff retention challenges and that employment conditions for contractual agents are identical in all executive agencies, and a possibility option is that the Commis-

sion revises employment conditions for temporary servants in all executive agencies

- Considering that the number of funded project has been increasing in recent years, DG SANCO should reconsider the design of PHP priorities and objectives. Reducing the number of programme priorities and funding a lower number of projects with higher volume could be conducive to decreasing the workload of the Agency and most probably to increasing the impact of the projects. Previous mapping and portfolio analysis exercises should be used to identify programme objectives with the least impact and sustainability of project results.
- There is a potential for improving the project result analysis and incorporation of lessons learnt and best practices into the AWP. Existing procedures contribute to this direction, but there is more potential if I) the Executive Agency and DG SANCO agree and use a common terminology and common document formats on project result evaluation, II) establish a specific number of working sessions for project result evaluation with the participation of DG SANCO policy officers and Executive Agency project officers.
- Another alternative for analysis of project result would be that grant holding project managers undertake project analysis. An assessment of project results could be included in the contract as an obligation to the grant holder. This could have a positive impact on integration of programme results in future PHP, as on the one hand, DG SANCO would receive feedback on the findings and impact of each project and the Executive Agency would be able to reduce its workload, on the other hand.
- Given that the current Agency is operating effectively and that the current public health programme runs until 2013 and the mandate of the Agency until 2015, it does not seem a plausible solution to close the Agency before the expiry of its current mandate. The risks of disruptive programme management would outweigh the monetary benefits, if any.
- A decision to merge the Agency with another executive agency or internalise the programme management to DG SANCO should be assessed depending on the size and design of the new public health programme for the financial perspective 2013-2020.
- The Executive Agency should use the currently unused capacity of the NFP network to increase the visibility of the PHP and to improve communication with beneficiaries and applicants across Member States. Currently the NFP is an informal network consisting of contact points in each Member State. It is recommended that the Agency and DG SANCO put effort in formalizing this network towards a more systematic way so that it could take more than the usual initiatives such as information days at Member State level. This could also facilitate the work of the Agency and reduce its workload as the Agency could share the responsibility and co-organise with the NFPs information and dissemination activities at Member State

level. Emphasis should be put on training sessions and on continuous updating of NFPs on developments in public health. Apart from the current IT tools (website and project database), the Executive Agency should explore the possibility of distributing electronic newsletters to NFPs in order to increase interaction and enhance their participation and commitment to developments in public health.

## **Appendix 1: Collected literature**

1. Annual Activity Report 2007 of the Director Executive Agency
2. 2007 Final Accounts, Financial Statements & Budgetary Reports
3. Annual Activity Report 2006 of the Director Executive Agency
4. Annual Activity Report 2009, EAHC
5. EAHC, Administrative Budget 2009
6. EAHC, Administrative Budget 2009, 1st amendment budget
7. 2008 Final Accounts, Financial Statements & Budgetary Reports
8. Commission Decision, 2009/158/EC
9. Decision no 1350/2000/EC of the European Parliament and of the Council of October 2007 establishing a second programme of Community action in the field of health (2008-2013)
10. DG SANCO Cost-Benefit Analysis of the Executive Agency, March 2008
11. Externalisation arrangements for the public health action programme, a cost effectiveness assessment, July 2002
12. Council Regulation (EC) N 58/2003 of 19 December 2002
13. Commission Decision 2004/858/EC of 15 December 2004 establishing the Executive Agency
14. Commission Decision 2008/544/EC of 20 June 2008 transforming the Agency into the "Executive Agency for Health and Consumers" (Extension of scope and mandate)
15. Evaluations of call for proposals for years 2006, 2007 and 2008.
16. Preliminary findings of an audit conducted by the Court of Auditors on EU Executive Agencies
17. Programme of Community action in the field of public health, projects funded under the call for proposals 2006
18. Programme of Community action in the field of public health, projects funded under the call for proposals 2007
19. Final audit report on the audit of the operational budget in the Executive Agency for Health and Consumers (EAHC), IAS-2009-V EAHC-002, 28 January 2010

20. Working document on special report No 13/2009 of the European Court of Auditors on the delegating implementing tasks to Executive Agencies: a successful option? , Committee on budgetary control, European Parliament
21. Community action in the field of public health 2003-2008, Call for proposals 2007, List of accepted proposals
22. Report on the annual accounts of the Executive Agency for the public health programme for the financial year 2007 together with the Agency's' replies (2008/C/311/13)
23. Community action in the field of health 2008-2013, Evaluation of call of proposals 2008
24. European Court of Auditors, Delegating implementing tasks to Executive Agencies, A successful option? 20 November 2009
25. IAS Audit of the Operational Budget in the Executive Agency for Health and Consumers (to be transmitted to COWI once the final report is ready)
26. <http://ec.europa.eu/eahc/projects/projects.html> [Accessed 09 February 2010]
27. <http://ec.europa.eu/eahc/projects/database.html> [Accessed 09 February 2010]
28. Report on the annual accounts of EAHC for the financial year 2008, Court of Auditors
29. Evolution of EAHC workload and performance indicators, 2009, EAHC
30. Service Level Agreement between the Directorate General for personnel and administration (DG ADMIN) and the Executive Agencies
31. Annex 3, Financial Report, EAHC, Financial Year 2009
32. Decision of the Steering Committee of the Executive Agency for Public Health Programme on general implementing provisions on the procedures governing the engagement and the use of contract staff
33. Décision du Comité de direction de l'Agence Exécutive pour la Santé Publique relative aux procédures régissant l; engagement et l; emploi des agents temporaires
34. Evolution of EAHC workload and performance indicators, EAHC, SC/2009/4/03
35. Evaluation of the first three years of operation of the Executive Agency for Competitiveness and Innovation (ex Intelligent Energy Executive Agency), European Commission, Directorate General Energy and Transport, December 2008.

36. Portfolio analysis and evaluation of the health project mapping 2003-2009 exercise, EAHC, May 2010.

37. Work Programme for years 2006, 2007, 2008, Executive Agency for Health and Consumers.

38. Draft financial circuits of the Public Health Executive Agency, 2006.

39. Survey for the valuation of the networks of national focal points fro the health Programme 2008-2013.

40. Community action in the field of health 2008-2013, Evaluation of Calls for proposals 2008.

41. Externalization arrangements for the Public Health Action Programme – A cost effectiveness assessment, European Commission, directorate General for health and consumer protection, July 2002.

42. EU staff regulations 1-5-2004.



## Appendix 2: E-survey

Number of invited participants

In all, 287 respondents were invited to participate in the e-survey. The initial sample of respondents of the survey comprises thus all beneficiaries of the PHP and HP. This means, that the sample is assumed to consist of the complete population of potential respondents.

In this report, beneficiaries are defined as stakeholders, who received funding from the PHP or HP. The respondents were presented with background questions and further with 21 questions about evaluation of the Agency.

Questionnaire

Some of the statistical data for this report were collected through an online questionnaire in the period 6 May to 7 June 2010. All tables and figures representing the results of the e-survey will contain a note on the source of data. Email addresses of possible respondents were provided by DG SANCO, and all the identified respondents received an invitation to fill in the questionnaire. Non-responders received up to two reminders. The first reminder was sent approximately 1.5 weeks after the initial invitation, and the second reminder was sent approximately one week later.

The online questionnaire was dynamically programmed meaning that the respondents' answers determine the following questions. The main advantage of this is that the respondents do not have to "find their way" through the questionnaire and are only presented with relevant questions.

Number of respondents

The number of respondents in each group is shown in the table below. Of the 287 invitations, approximately 30 emails<sup>34</sup> were immediately rejected because the addresses did not exist, which correspond to 10.5 per cent of the respondents. It is assumed that this error percentage is identical for all respondent groups, and thus 10.5 per cent of respondents in each group are assumed not to have received the email. This gives the net frequency as presented in the table. These frequencies are used below when calculating net response rates.

Table 1 e-survey: number of respondents

	Gross frequency	Net frequency
Beneficiaries	287	257

Response rates

287 funded respondents were invited to participate. Of these, 99 responded, which is a gross response rate of 34.5 per cent corresponding to a net response rate of 38.5 per cent (see table below).

<sup>34</sup> Since the e-survey of tasks 1 and 2 were executed as an integrated questionnaire, a total of 1330 invitations were sent to respondents with questions concerning either task 1, task 2 or both tasks. Of these 1330 invitations, 139 emails were immediately rejected, which corresponds to 10,5 per cent of the total amount of emails. It is assumed that this error percentage is identical within all respondents groups as well as respondents to task 1 and 2 respectively. Out of the 287 invitations sent to respondents to task 1, an estimate of 30 emails were rejected (10.5 per cent of 287).

Table II e-survey: response rates

	Gross response rate	Net response rate
Beneficiaries	34.5%	38.5%

The population of the survey is unknown in the sense that distribution of stakeholders is not known. For instance, the distribution of stakeholders between home country and target group of activity is not known for the entire population of non-funded stakeholders. The same is the case regarding all other sorts of distribution of stakeholders.

The unknown population is a source of uncertainty concerning the representativeness of the collected data, since it is not possible to determine whether the collected data are representative of the complete population. Further, it is not possible to weigh the results, since weights would have to be based on the real distribution of the population. The bias as a result of the unknown population can occur if some respondent group is over-represented and therefore dominates the outcome of the aggregated responses. Since it is not possible to determine the existence of such bias in this e-survey, it is assumed in the presentation of the results, that the collected data set is representative.

**Results of e-survey**  
**Questions regarding task 2 beneficiaries**

**To what extent has the Agency improved processes related to the implementation of the health programmes (harmonization of procedures, simplification, integrated IT systems)**

	Frequency	Percent
To a large extent	18	18,2
To some extent	27	27,3
To a moderate extent	15	15,2
To a minor extent	5	5,1
Not at all	9	9,1
Don't know	25	25,3
Total	99	100,0

**To your knowledge, to what extent has the Executive Agency supported the transfer of project results to practice or policy?**

	Frequency	Percent
To a large extent	8	8,1
To some extent	20	20,2
To a moderate extent	13	13,1

To a minor extent	15	15,2
Not at all	6	6,1
Don't know	37	37,4
Total	99	100,0

**To which extent did the information offered enable you to understand the proposal/selection procedures?**

	Frequency	Percent
To a large extent	26	26,3
To some extent	33	33,3
To a moderate extent	12	12,1
To a minor extent	10	10,1
Not at all	3	3,0
Don't know	15	15,2
Total	99	100,0

**What additional information could the Executive Agency make available to make the proposal process easier? Please specify**

A larger period from the call to the deadline. One month more.
A two stages process: 1) possibility to provide a short description (but not too short in order to enabling the provision of a clear description and project plan incl. possibilities for graphics) 2) after acceptance follows a long project proposal. This would offer also small companies more possibilities for funding (as they usually do not have resources for doing all the proposal writing without realistic chances to be funded afterwards).
ACTIVE CONTACTING EXISTING PARTNERS, EXCHANGE OF EXPERIENCES , EVALUATION, PROPSAL OF FUTURE COLLABORATION
By being more explicit about the information they are actually seeking in the proposals and how they will be scored
Communication on the objectives of funding instruments could be better.
DNA
Greater amount of time to prepare the proposals between the workshop and deadline.
I don't find this and the following questions relevant because our project of the Public Health Programme was managed by DG Sanco and not by EAHC.
I'm not sure. For a lay person it involves so much information that we hired a consultant to guide us through the information and help us with the application.
In my opinion the proposal process has become more transparent.
Less bureaucracy
Links between PHP and other Commission programmes (research for example)
Managing the finances was difficult and cumbersome.

More concrete trainings on practical instructions how to prepare projects - free of charge (like e.g. Welcomeurope.com training courses).
None
Regular mailing to Principal Investigators.
Simplify and complete the guide for applicants getting an input from the questions asked to the projects' EAHC referees.
Simplify the budgetary demand (too much expenditures to be detailed before starting the project)
Supply of case studies and examples/templates of previous submissions.
The handling of the application process and particularly the contract negotiation was most unhelpful, i.e. unprofessional, often rude and non-supportive.
There are uncertainties around definitions used, e.g. for "public bodies". Partner institutions working in other countries do not always understand how the budget works (especially the notion of "contribution") - a summary translated into many languages about the budgetary principles would be very useful for co-ordinating centres to refer their partners to.
To give information about time schedule: date of evaluation to be expected; duration of negotiation....
WIKI and FAQs
We changed project officer in the project period, the old one was very active and supportive in both admin and tech issues. For the new one, we are not as happy. She simply doesn't answer mails etc. This is frustrating.
Adequate timelines and calendars; clear instructions and guidance from help desk.
detailed guidelines with examples in all EU languages
Don't know
info days
less bureaucracy
make structure of proposals clearer and less redundant
None
project has not ended yet, so difficult questions
The funding and bureaucratic procedures were too time-consuming and unrealistic to implement project/network activities (for comparably small budgets). Therefore, we withdraw the proposal.
which legal provisions determine the implementation of the audit after the project is over
Total 34

**How could the Executive Agency simplify the application process? Please specify**

1. invite organisations to make a brief application, ' 2. selection based on the quality of the project team and the relevance of the project proposed, 3. invite selected teams and provide advice during application process

Allow the use of different software than Adobe to prepare the proposal. Allow more space to write the application
Be clearer about applying the pre-payment process in the post 2008-2009 economic and financial crash. It is harder for health NGOs to obtain financial guarantees from banks even if they are financially secure.
Budget less precise at the beginning in the description of items would help; it is relatively unrealistic to know exactly how many people attend meetings, from where, where the meetings will be 3-4 years in advance! Also more flexibility to spend on one line or another according to the needs of the project as it develops.
By being more professional, transparent, less focused on useless formalities, having a better understanding of the situation of the applicants
By timely replying in plain language!
Communication flows
Divide it in two steps
Especially the spreadsheet for the budget gave us a big headache. The various rules for funding and co-funding are so complicated that shifting budget between partners, subcontractors and work packages requires a rocket scientist, especially when there is a mix of Governmental organisations and NGO's. Shifting the budget is practically impossible making the system extremely inflexible. I'd say make the same rules for public and non public officials. Give guidelines on travel and subsistence and have a good accountant check the book halfway and at the end of the project.
FREE OF COST WRITING ASSISTANCE AND ADMINISTRATION SUPPORT TO HELP WHILE PREPARING TO WRITE THE PROPOSAL
First, EAHC should ask ONLY for a LOI -letter of intend- in the first round to short and efficient in order to encourage applications. If the LOI is selected in this first round, then EAHC should ask to complete the whole proposal application but simplifying it to the minimum information REALLY required. Some chapters of the proposal application were redundant and some not clear enough. For each question of the application form EAHC should ask herself: is this question essential? Do we get the same type of answer in another question?
From 2008 to 2009, the number of characters available in the application form per section were reduced, meaning that organisations applying for a continuation of activities were forced to rework their applications to demonstrate the value of the same activities but with less space to do so. These sorts of administrative changes add a huge burden to organisations who are applying for funding, with little added value to the Executive Agency and should be carefully undertaken.
I have made proposals to this programme since 2006, and I really think that a good deal of progress has been made. I think that sometimes it is important that the EU system in general has a better understanding of organisational learning processes instead of always focusing so much on limiting the budgets.

In the case of operating grants, think about a renewal process or a multi-year application, since now the same process, lengthy and time-consuming, has to be carried out every year. Every year new requirements are set as well, which make the process much more complicated. For example , new regulations concerning co-funding by the private sector that severely limit the possibilities for NGOs to apply for an operating grant
It is rather simple process.
Making the form shorter and including an interview process.
More simple application form; more clear description of the proposal headings
More space (number of characters) available in the application form to describe planned activities
Much shorter application form and less additional information sheets.
Reducing the amount of paperwork
Requesting less detailed information.
See above.
Some duplication in requested information still exists.
Streamline requirements
The PDF application form doesn't allow verifying the number of characters written, so it is necessary to write first on a word document and then paste on the PDF application form. So it would be preferable to not put a limit of characters, or use a word application form.
The application form must be much shorter. A procedure evaluation should be done: what information is really essential to assess the value of the proposal? The information that is not essential should be left out.
The application process could be simplified by writing a short summary overview of the projects objectives and methodology and partners before writing a rather large and complicated grant application together with an activity and financial plan
The budget is much more detailed than required, for example, for Framework 7. A simpler budget not requiring daily rates for each member of staff, and not requiring individual costing of flights to be made in the next three years, would be better. All spending needs to be justified in any case with receipts, payslips etc but at a later stage for this level of detail.
The documentation available to us was not written in the simplest English! Perhaps also make clear that an accountant should be involved to handle the financial paperwork.
The publication of the calls for proposals should not overlap in calendar time with the reporting for other PHP actions. It is unrealistic to consider that NGOs would be able the capacity to adequately respond to such stringent timelines, when they are also bound to be concluding and delivering the annual report for other PHP actions. Specific suggestions: calls for proposals should be published after the deadline for report submission has lapsed, i.e. after March; Application form should be more flexible to allow insertion of text when relevant (for instance, one is unable to fully describe a deliverable since there is word truncation).

Two stage application procedure; first step brief not-time consuming applications, second step (if initial application accepted) - more elaborated project proposal.
Two-stage filter: first a short project description, second a detailed proposal.
accept e-signature of documents instead of printed and signed copies by post
developing procedures (eg, regarding engagement with the other European institutions and DGs) for the new instruments they employ, eg Joint Actions
identify a contact person in the Agency who can handle queries quickly
optimize online submission
provide all requests of technical and financial improvements right from the beginning or at least to a fixed dead line
simplify the forms!
simplify the rules
simplify the budget requirements
we met some problems since, during the funding period, we have had many different scientific project officers
Total (41)

**Did you receive clear information about deadlines for submitting the proposal?**

	Frequency	Percent
To a large extent	79	79,8
To some extent	12	12,1
To a moderate extent	3	3,0
Don't know	5	5,1
Total	99	100,0

**To which extent has the time given for proposal preparation been sufficient?**

	Frequency	Percent
To a large extent	32	32,3
To some extent	35	35,4
To a moderate extent	18	18,2
To a minor extent	6	6,1
Not at all	3	3,0
Don't know	5	5,1
Total	99	100,0

**To which extent were the priorities and objectives for the Call for proposals clear to you throughout the proposal submission procedures?**

	Frequency	Percent
To a large extent	40	40,4

To some extent	37	37,4
To a moderate extent	14	14,1
To a minor extent	4	4,0
Don't know	4	4,0
Total	99	100,0

**Did you understand the principles of the selection procedure (different steps, award criteria, selection decisions)?**

	Frequency	Percent
To a large extent	39	39,4
To some extent	35	35,4
To a moderate extent	12	12,1
To a minor extent	6	6,1
Not at all	2	2,0
Don't know	5	5,1
Total	99	100,0

**Did you receive a reply to the selection results within the deadline?**

	Frequency	Percent
Yes	58	59,2
No	9	9,2
Don't know	31	31,6
Total	98	100,0

**To which extent were you satisfied with the overall quality of the programme management services provided during the whole project period?**

	Frequency	Percent
To a large extent	25	25,5
To some extent	33	33,7
To a moderate extent	14	14,3
To a minor extent	15	15,3
Not at all	5	5,1
Don't know	6	6,1
Total	98	100,0

**Have requests for clarification been answered by the Agency during the project implementation period?**

	Frequency	Percent
To a large extent	42	42,9
To some extent	25	25,5



To a moderate extent	10	10,2
To a minor extent	5	5,1
Not at all	4	4,1
Don't know	12	12,2
Total	98	100,0

**Are you satisfied with the communication with the agency project managers?**

	Frequency	Percent
To a large extent	38	38,8
To some extent	27	27,6
To a moderate extent	12	12,2
To a minor extent	12	12,2
Not at all	3	3,1
Don't know	6	6,1
Total	98	100,0

**Have the financing procedures and cost statements been complicated?**

	Frequency	Percent
To a large extent	36	37,1
To some extent	28	28,9
To a moderate extent	16	16,5
To a minor extent	9	9,3
Not at all	4	4,1
Don't know	4	4,1
Total	97	100,0

**Are there any actions that the Executive Agency could take to simplify the financial management of programmes? Please specify**

Please see our comments to the consultation on the financial regulations at [http://ec.europa.eu/budget/library/consultations/FRconsult2009/contributions/C008\\_2009-11-30\\_Netherlands\\_en.pdf](http://ec.europa.eu/budget/library/consultations/FRconsult2009/contributions/C008_2009-11-30_Netherlands_en.pdf) The financial management has not become easier when creating the agency. Still, new requirements, making our lives more difficult, are being created every time, like the new rules on funding by the private sector.

A comprehensive guideline and information given at the beginning of the project which stay the same the whole project period. The guideline should be kept by both sides (the Agency and the main beneficiary).

A think that the EHAC personnel is doing a very good job, but it is clear to see that they have an extremely high work load.

Allowing higher funding rates for the work packages management and communication, since national co-funding for these two is very difficult to receive.

As the University of Vienna and also a lot of our project partners take part in many different EC-funded projects, it would be very helpful, if funding and financial management would be unified in a greater extent.
Costing solely the EU contribution, finding other ways to characterise the regional and national contributions to funding, would be much simpler. Providing a common internet-based financial management system in which partners can input their expenditure as they go along, and see their forecast budgets. This is particularly helpful where there are many partners, common in project that try to involve all member states.
First: avoid changing the agency project managers during the implementation of the project in 1 year (we had three different managers and the project is still ongoing) Second: simplify the financial rules to allow more flexibility within the attributed budget. Between the moment we plan a project and the implementation phase, respecting of course the total amount agreed, we should be able to adapt our budget to the changes and to the scientific needs of the project without having to ask every time the Agency manager for advice and wait for a long time to get a financial answer. Also harmonisation of financial rules among different EC programmes (PH, Research). For example, why Switzerland can be a full partner for research and not for public health?
For projects involving more than 3 partners it is not doable to collect all administrative paperwork of all associated and collaborating partners
IT Programming
It would be very helpful to facilitate the modification of funding used for partners and/or activities during the projects work plan. Currently there is a limit of approx. 10% a modification between categories. A larger percentage (e.g. 30%) would lead to optimise the usage of the budget funded by the EC for the Project objectives. For future EU projects it will be essential to integrate 'collaborating partners' during the lifetime of the project with the possibility to finance their activities to a limited extend.
Less detailed information by building in stepwise questioning and performing sample-wise evaluation
More flexibility in using the planned budget (budget planned one year or more before implementation; in the meantime, priorities or prices change, new needs appear,...). Too many papers are requested for small amounts. Lump sums for some types of expenses (general administration) would save time (and thus money) for beneficiary (implementing, reporting) and the agency (checking, archiving,...).
Negotiations took quite a long time; I do not have expertise on financing issues but in my understanding the financial unit of the institute had some difficulties with the regulations.
Not to change the interlocutor and give time enough for the communication
Reduce delays and over bureaucratic approach
See above!
See previous answers.
See previous comment regarding pre-payment. It is also potentially problematic if an ongoing project reports in early July and it needs to wait until September for payment due to the internal assessment/review process clashing with necessary July-August staff vacations.
Sign the final contract more quickly

Simplify financial management -- headings, treatment of funding of consultants...
Some type of brief training or additional information would be helpful in relation to the compilation of financial information.
Speeding-up decision making process
The experience with the Agency is based on other projects than the one during the former programme before that the Agency existed. - the time writing for staff is too detailed and complicated for management staff dealing with many issues and tasks.
The requested detail for financial interim reports is too high. It should be sufficient to deliver the global budget by partners and not the detailed budget
The tool is quite cumbersome: E.g.: Deleting all the lines before printing, then having only small letters/ numbers which are hard to read. Perhaps this could become more easy?
To allow more simplified financial management of joint meals of all partners in the activity (e.g. one bill for dinner and then reduction in subsistence allowances paid to partners by project coordinator). If there are many partners in the project and if they want to have dinner together, it is a mess at the cashier's desk at the end of the dinner).
To consider global envelop (for example for missions, travels etc.)
Too complicated and too different from FP7. I think that harmonising the procedure with FP7 could be great. Actually I suggest to copy the same procedure as in FP7. This is also for the submission of the proposal: too complicated using PDF read/write file and so forth. Please make use of the EPSS system
Training for partner institutions managing EU grants
Yes, under some headings, the requested information are too detailed
again, everything would be simpler with a better organised and more professional agency that saw it as their job to make the projects work
Bureaucracy
clearer regulations concerning staff costs > daily fee > justifications daily subsistence spending with daily lump sums and no receipts too much cost items have to be put under overhead
do not change time sheets during the project
Having more flexibility in the use of the budget without amendment; it was difficult to get the partners understanding how to report the expenses; we did not know what was the equivalent in PHP of the "Forms C" of DG research that all partners knew. Changing one partner took months for the amendment.
implement a post-hoc financial administration, similarly to the VIIth framework programme
No
provide more clarity and templates around financial reporting
requesting less detailed information and more quick communication
reply to questions
see previous full text answer
simplify rules for cost neutral changes within the budgeted. Simplify rules for travelling expenses
stabilise staffing: during project period we've had 5 different contact persons, less bureaucratic financial system with more freedom/responsibility (current system is clearly based on not trusting, very inflexible and time consuming procedures)
The answers above are with regards to the implementation of the programme

prior to EAHC came into place (i.e., before 2009) - it is much easier to work with EAHC (more professional project management in place!). financial statements and format of the interim reports should be standardised in major part with some flexibility allowed for additional information.
the financial forms are for most participants too complex. The procedure for amendments is a drag!
very burdensome administration procedures.
Total 46

**If there is one thing that you would like the agency to change in relation to its engagement with beneficiaries what would it be? Please specify**

1) There could be more information about expectations for the length and specifications of interim and final reports. 2) The repeating structure in the reports (after each work package problems encountered and how they have been resolved) is often not adequate. A special section for describing these aspects would be better as difficulties often are relevant for several stages not only in one work package. 3) more possibilities offered and ideas discussed for promoting results on EU level could be supportive
ACTIVE CONTACT FOR FUTURE COLLABORATION AND IDEA EXCHANGE IF THE DELIVERY QUALITY AND RESULTS FROM THE FUND RECEIVER WERE ABOVE AVERAGE
Allocate a specific person to each project and ensure this person sticks with it. We never seem to deal with the same person twice
As stated above: too complicated procedures
Be quicker and reduce bureaucracy
Better knowledge and understanding beneficiaries' needs for more flexibility in contract and budget management and better funding (a 60%-funding is not enough for NGOs' whose main or single income source is the membership fees).
Can't think of one. The agency has been excellent in building an informed and interactive working relationship with our current project.
Changing less often the project Officer; it would help if the same person was following a project from beginning to end. A conference call between coordinator and project Officer every 3 months?
Constant changing of Project Officers; provision of continuity; speedier response to queries
DG SANCO and EAHC roles should be clearly defined with regards to the engagement with the project/JA implementation. The difference between the projects and Joint Actions - specifically to the obligations of the parties, i.e. European Commission and Member States during the implementation and upon completion of the Joint Actions - should be indicated, as there is a risk that JA might be perceived as another name for the projects... organisation of financing should be considered to suit the objectives of the Joint Actions - currently it is equal to the mechanism employed for the projects financing (in practical terms)
Flexibility and simplification in the implementation of the financial rules to allow an efficient project management
I think that it is important that the project officer participates in the kick-off meeting and the final meeting of the project.
Improving communication between the Agency and DG SANCO.

In addition to the agreed upon project timetable, it would be helpful to have greater insight into the expectations and timeline of the project manager.
In several cases personal meetings are more efficient than longer negotiations by mail
Make administrative requirements easier, stick to your own rules. Not look only at financial extreme details, but also at the content of the work, the impact.
No
No changes of project officers during the project.
One project officer for the whole period of project duration.
Provide more professional budgeted templates.
Provide timely reply and information about the status of an application
Responses to questions take too long. This is irritating, since beneficiaries have to respond always within a certain time-period (the agency sets their own deadlines) to their questions/comments! For example: if a financial audit is announced, you have to arrange everything to cooperate within the proposed time period (in our case the audit took 10 days!). We did not hear anything since (audit was 8 months ago). And we are quite sure that if we receive the verdict, we will have a limited time period again to comment/respond!
Sometimes (not always) the impression is that agency staff are 'ticking the boxes' rather than really understanding the nature of a particular issue and how that might complicate financial and technical reporting.
Speed up procedures (response to amendments or special issues within the project that cannot be addressed by the project officer only but involve more persons within EAHC)
The number of processes related to the operating grants are very onerous in terms of application and reporting - projects run for three years, grants for one year. The organisation is in a constant cycle of applying for grants and reporting (which were simultaneous for end of 2009/early 2010) which is a huge drain on the human resources within a small organisation and takes a lot of senior time away from grant implementation.
Their view of their own purpose, they are there to support the projects and not the other way round.
To organise national dissemination events and/or national newsletters for EU funded projects.
Written feedback on the annual scientific reports and final reports would be very useful.
delay in replying
No
simplify management procedures
some more support regarding links to other projects/ EC activities etc
Total 32

**Do you think that project management for beneficiaries was complicated in comparison to the project management procedures of other project funders?**

	Frequency	Percent
To a large extent	28	28,9

To some extent	31	32,0
To a moderate extent	14	14,4
To a minor extent	4	4,1
Not at all	9	9,3
Don't know	11	11,3
Total	97	100,0

**Were payments received on time?**

	Frequency	Percent
To a large extent	36	37,1
To some extent	23	23,7
To a moderate extent	12	12,4
To a minor extent	11	11,3
Not at all	7	7,2
Don't know	8	8,3
Total	97	100,0

**Did the information days organised by the Agency contribute to improved project implementation?**

	Frequency	Percent
To a large extent	8	8,3
To some extent	28	28,9
To a moderate extent	12	12,4
To a minor extent	5	5,2
Not at all	7	7,2
Don't know	37	38,1
Total	97	100,0

**How clear is the role of the Agency and DG SANCO in the definition of programme objectives and priorities?**

	Frequency	Percent
To a large extent	23	23,5
To some extent	27	27,6
To a moderate extent	17	17,4
To a minor extent	13	13,3
Not at all	7	7,1
Don't know	11	11,2
Total	98	100,0

**How clear is the role of the Agency and DG SANCO in the definition of programme management?**

	Frequency	Percent
To a large extent	20	20,4

To some extent	26	26,5
To a moderate extent	29	29,6
To a minor extent	7	7,1
Not at all	3	3,1
Don't know	13	13,3
Total	98	100,0

## Appendix 3: Interview list

Programme	Name	Function
European Commission staff - Group 1	Christophe BERTRAND	Head of Unit C1 - 2006-2008
	Jean-Luc SION	Head of financial sector , Unit C1
	Meroni Donata	Communication sector, Unit C1
	A. Rys* <sup>35</sup>	Director of SANCO - Directorate C
	Guido de Clerck	Head of Unit A3
	Michel Pletschette*	Audit Unit
	Nick FAHY	Head of Unit C2
	Anthony MONTSERRAT*	Administrator, Unit C2
	John F. RYAN*	Head of Unit C3
	Michael HUEBEL	Head of Unit C4
Executive Agency staff - Group 2	Luc BRIOL	Director
	Stefan SCHRECK	Head of Health Unit
	Ingrid KELLER	Programme Coordinator
	Georgios MARGETIDIS	Project Officer
	Antoinette MARTIAT	Project Officer
	Guy DARGENT	Project Officer
	Robert GEERAERTS	Internal controller
	Isidoro RODRIGUEZ	Head of Administrative Cell
National Focal Points (NFP) - Group 4 <sup>36</sup>		NFP in Italy
		NFP in Poland
Steering Committee - Group 5	A. Bonucci	Resources Director, DG TREN (former member of Steering group)
	R. Madelin*	Director General of DG Health and Consumers

<sup>35</sup> Names of interviewees marked with \* have not been interviewed due to lack of availability

<sup>36</sup> During the interim phase it was agreed with the Steering Committee to contact NFP in Italy and Poland for interviews. The planned interviews were not realised/fruitful due to lack of availability and contact- ability of NFP. Findings relevant to NFP were based on document review as telephone interviews were not possible.



## Appendix 4: History and background of the Executive Agency

The scope of this appendix is to familiarise the reader with the EAHC and to understand the dimensions of the organisation to be evaluated. It provides the basis for the evaluation by giving an account of the history, mission, structure and accomplishments of the Executive Agency.

### Legal Background

Council Regulation (EC) No 58/2003 of 19 December 2002 lays down the statute for Executive Agencies to be entrusted with certain tasks in the management of Community programmes. Executive Agencies are Community bodies with a public service role and a legal personality established by the Commission in order to implement all or part of EU programmes on its behalf and under its responsibilities. The Executive Agencies are represented by their Directors.<sup>37</sup>

One of the main reasons that led to the creation of Executive Agencies is the wish for transparency in public funds management. More specifically, before the establishment of the Executive Agencies, Community programme management and implementation was outsourced to privately owned organisations, TAOs (Technical Assistance Offices) working under the supervision of the Commission. Due to deviations from the principles of sound financial management by the TAOs, the Commission decided to abolish the outsourcing of Community programme implementation to private organisations. Executive Agencies were considered the best alternative to replace the TAOs, as they are public organisations complying with Community rules and directly supervised by the Commission.

In addition, the rationale behind the establishment of Executive Agencies was the wish to separate programme implementation from policy-making and programme design as this would enable the Commission to focus more effectively on policy-making.

### History of the Executive Agency

#### History and background of the Executive Agency

The Public Health Executive Agency (Executive Agency) was established in January 2005 by Commission Decision Nr 858/2004/EC, dated December 2004. It became operational in spring 2006, when it launched the first call for proposals for public health programmes and subsequently managed the evaluation of this call and the negotiation and signature of the awarded grants. The lifetime of the Executive Agency was to be until 2008. The mission of the Executive Agency was to provide services in the field of public health programme management and implementation under the supervision of DG SANCO.

2005 was a preparatory period for the Executive Agency. During this period, the main focus of the Executive Agency was staff recruitment and completion of its operational and financial capacities before being granted autonomy and

<sup>37</sup> 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, Article 4

being able to perform operations under its own responsibility. The first employees joined the Agency on January 1<sup>st</sup>, 2006. The Agency became gradually autonomous from DG SANCO and acquired full autonomy on January 1<sup>st</sup>, 2007. Until 2007, DG SANCO was involved in programme management by performing the financial transactions until the agency was granted autonomy.

In 2008, the lifetime and the mandate of the Executive Agency were extended until 2015 in order to include the management and implementation of the Public Health Programme (2008-2013), the Consumers and Better Training for Safer Food Programmes. The decision to extend the lifetime of the Executive Agency was based on a Cost Benefit Analysis (CBA), which verified that programme management through the Executive Agency was the most advantageous solution in monetary terms. In 2008, the Executive Agency was renamed the Executive Agency for Health and Consumers (EAHC)<sup>38</sup>.

At the end of 2009, the Executive Agency for Health and Consumers manages 361 projects involving around 2500 beneficiaries - government agencies, academic institutions, NGOs, commercial entities - from all EU Member States and some associated countries. It has a staff of approximately 50 with an administrative annual budget of EUR 6.3 million (year 2009). An overview of projects, conferences and operating grants are available on the EAHC website.

## Tasks and programmes allocated to the Executive Agency

### Tasks of the Executive Agency

The Agency is responsible for carrying out the implementation of the second Public Health Programme 2008-2013, of the Consumer Programme 2007-2013 and of the Food Safety Training measures.

The main activities conducted by the Executive Agency can be summarised to the following points:

Launches calls for proposals
Selects and evaluates proposals
Launches calls for tenders
Acts as interface to programme beneficiaries
Awards contracts and negotiates and manages grants to beneficiaries
Deals with financial transactions and administrative issues for public health programmes
Collects, processes and distributes data
Disseminates programme results

<sup>38</sup> Commission Decision of 20 June 2008 amending Decision 2004/858/EC in order to transform the „Executive Agency for Public Health Programme“ into „Executive Agency for Health and Consumers“ (2008/544/EC)

Gives feedback on programme implementation to DG SANCO - policy makers

Promotes coordination and synergy with other programmes of the Communities, the Member States or international organisations

Provides logistical and technical support by organising technical meetings, seminars and conferences

Produces overall control and supervision data<sup>39</sup>.

Mission statement

The objective of the Agency is to provide professional services in performing its tasks and activities, reflected in the mission statement:

*“The Executive Agency for Public Health Programme aims to deliver excellent service, underpinned by a consistently high standard of technical and financial management as well as transparency in the performance of the programme implementation tasks and activities entrusted to it by the Commission.”*

Programme portfolio managed by the EAHC

**Programmes managed by the Executive Agency**

The programmes currently managed by the Executive Agency are the Health Programme 2008-2013, the Consumer Programme for 2007-2013 and the Better Training for Safer Food Programme. The Health Programme is the main instrument for implementing the EU policy on public health. The global scope of the programme is to:

- Improve information and knowledge for the development of public health,
- Enhance the capability of responding rapidly and in coordinated fashion to threats to health,
- Promote health and prevent disease through addressing health determinants across all policies and activities.

Taking into account the differences among the legal entities that are interested in participating in the Health Programme, the Executive Agency has a number of different financial instruments for implementing the programme. The most widely used are the following:

Joint actions

Tenders

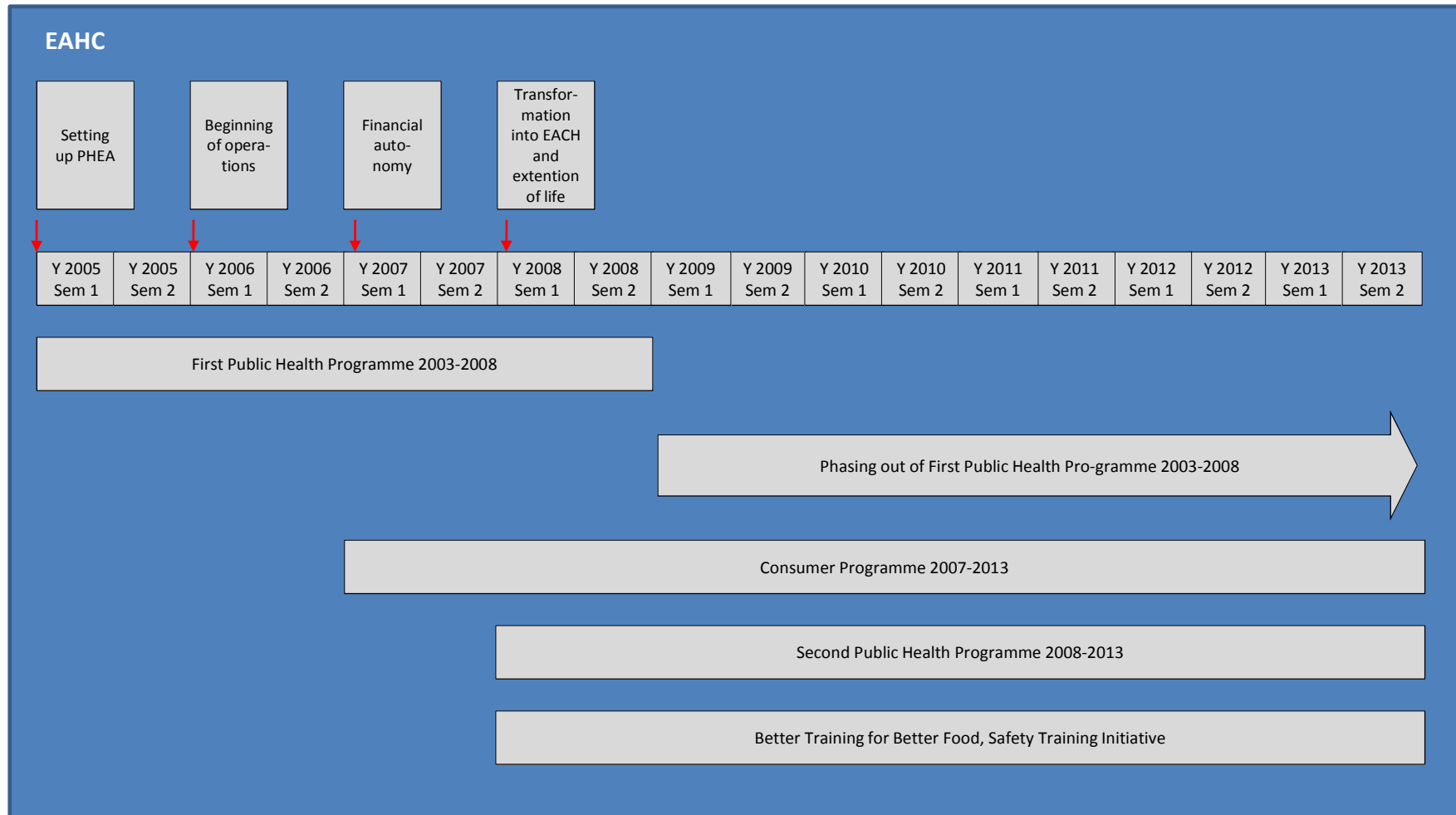
Operating grants

<sup>39</sup> Commission Decision of 09 September 2008 delegating powers to the Executive Agency for Health and Consumers with a view to performance of tasks linked to implementation of the Public Health Programme 2003-2008 as adopted by Decision 1786/2002/EC, the Public Health Programme 2008-2013 as adopted by Decision 1350/2007/EC, the Consumer Programme 2007-2013 as adopted by Decision 1926/2006/EC and the food safety training measures covered by Regulation (EC) No 882/2004 and Directive 2000/29/EC, Article 4

- Grants for projects
- Grants for conferences
- Grants with international organisations

The following diagram presents an overview of the programmes allocated to the Executive Agency from its establishment until the expiry of the current health programme in 2013. The Agency has a mandate to manage the ongoing project until 2015; however, projects launched in 2012 and 2013 call for proposals are likely to be ongoing until 2017.

Figure 1 Overview of the programmes allocated to the Executive Agency



## Structure of the Executive Agency

### Structure of the Executive Agency

The Executive Agency is managed by a Director and a Steering Committee. Figure presents the structure of the Public Health Executive Agency until 2007. It comprised a scientific unit and an administrative sector, managed by a Director who reported to the Steering Committee. The Steering Committee consisted of five members, a chairperson and a deputy chairperson.

### Steering Committee

The Steering Committee consists of five members appointed by the European Commission for two years. There are one chairperson and one deputy-chairperson among its members. The Steering Committee meets at least four times a year. The Steering Committee's decisions will be adopted by a simple majority of votes. In the event of a tie, the chair has the casting vote. The committee has developed its own rules of procedure.

The role of the Steering Committee as defined in Council Regulation 58/2003 is to adopt the Annual Work Programme of the Executive Agency as well as the administrative budget and the Annual Activity Report. The Steering Committee meets regularly with the Director of the Executive Agency and as we can see in the minutes of these meetings the agenda includes reporting on the Agency's operations, staff issues, budgetary issues, discussion of Annual Activity Reports, planning on the Work Programme. The meetings with the Director of the Executive Agency are complemented by bimonthly reports, which include information on negotiation procedures, recruitment, payments to beneficiaries and operational budget and appropriations.

### Director

The Director is appointed by the Commission for four years and is responsible for the management of the Executive Agency (finance, staff, reporting, internal control system etc.) and for the performance of its tasks. The Director takes the relevant decisions and represents the agency.

The Director draws up a draft operating budget for the Executive Agency each year and submits it to the Steering Committee. After the Steering Committee has adopted the draft operating budget (including the establishment plan) for the following financial year, it will be submitted to the Commission. The Commission verifies the draft and proposes the annual subsidies to the Executive Agency's operating budget.

### Coordination with the Commission

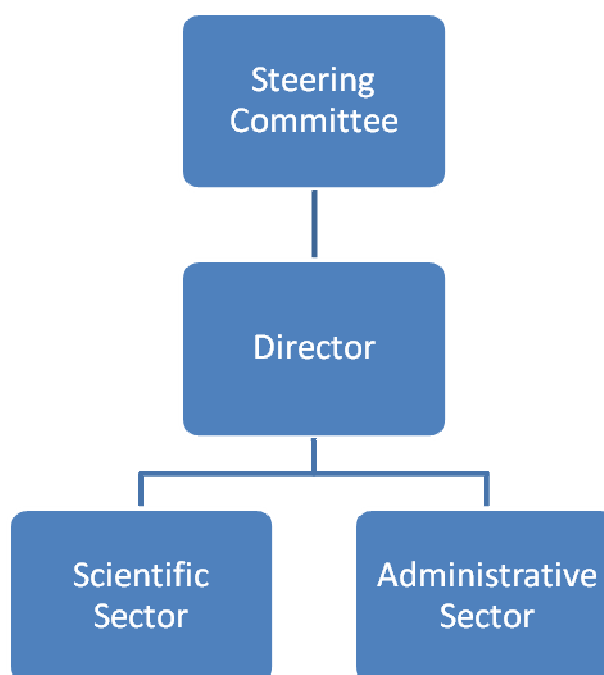
The Commission supervises the implementation of the programmes by the Executive Agency and has the right to control the operations in the Agency through internal auditors.<sup>40</sup>

The Agency's annual work programme is therefore subject to the Commission's approval and must comply with budgetary decisions. The Executive Agency

<sup>40</sup> 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, Article 7 to 12

must collaborate continuously with DG SANCO, the responsible DG for the public health programme.<sup>41</sup>

Figure 2 Structure of the Public Health Executive Agency (Executive Agency until 2007)<sup>42</sup>



#### Structure of the Executive Agency

In 2008, the mandate of the Executive Agency was extended and the implementation of the Consumer Programme and the Better Training for Safer Food Programme was assigned to the Executive Agency<sup>43</sup>. Therefore, the structure of the Executive Agency was extended, and it now comprises an Administrative Unit, a Health Unit and a Consumers and Food Safety Unit. These units are still managed by a Director who reports to a Steering Committee (Figure 2).<sup>44</sup>

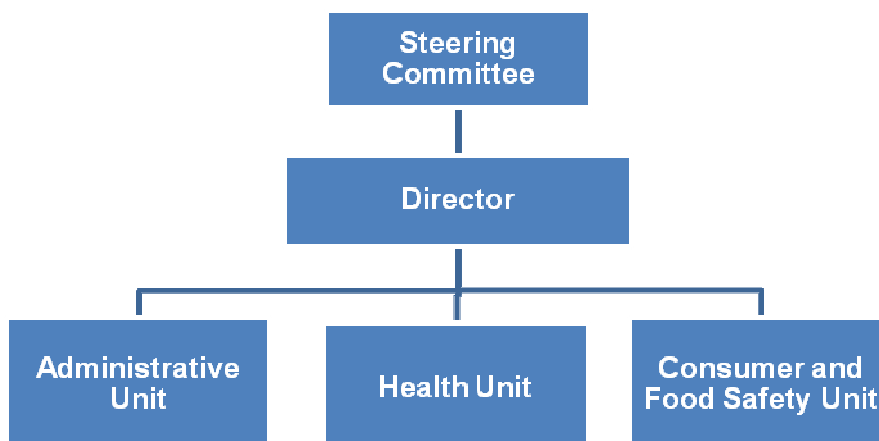
<sup>41</sup> Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes, No 11 to 19

<sup>42</sup> Annual Activity Report 2007 of the director Public Health Executive Agency, p. 3

<sup>43</sup> Commission Decision of 20 June 2008 amending Decision 2004/858/EC in order to transform the „Executive Agency for Public Health Programme“ into „Executive Agency for Health and Consumers“ (2008/544/EC)

<sup>44</sup> <http://ec.europa.eu/eahc/about/about.html> [Accessed 10 June 2010]; <http://ec.europa.eu/eahc/contacts/contacts.html> [Accessed 10 June 2010]; Annual Activity Report 2009 of the director Public Health Executive Agency, p. 22

Figure 3 Structure of the Executive Agency for Health and Consumers (EAHC from 2008 onwards)



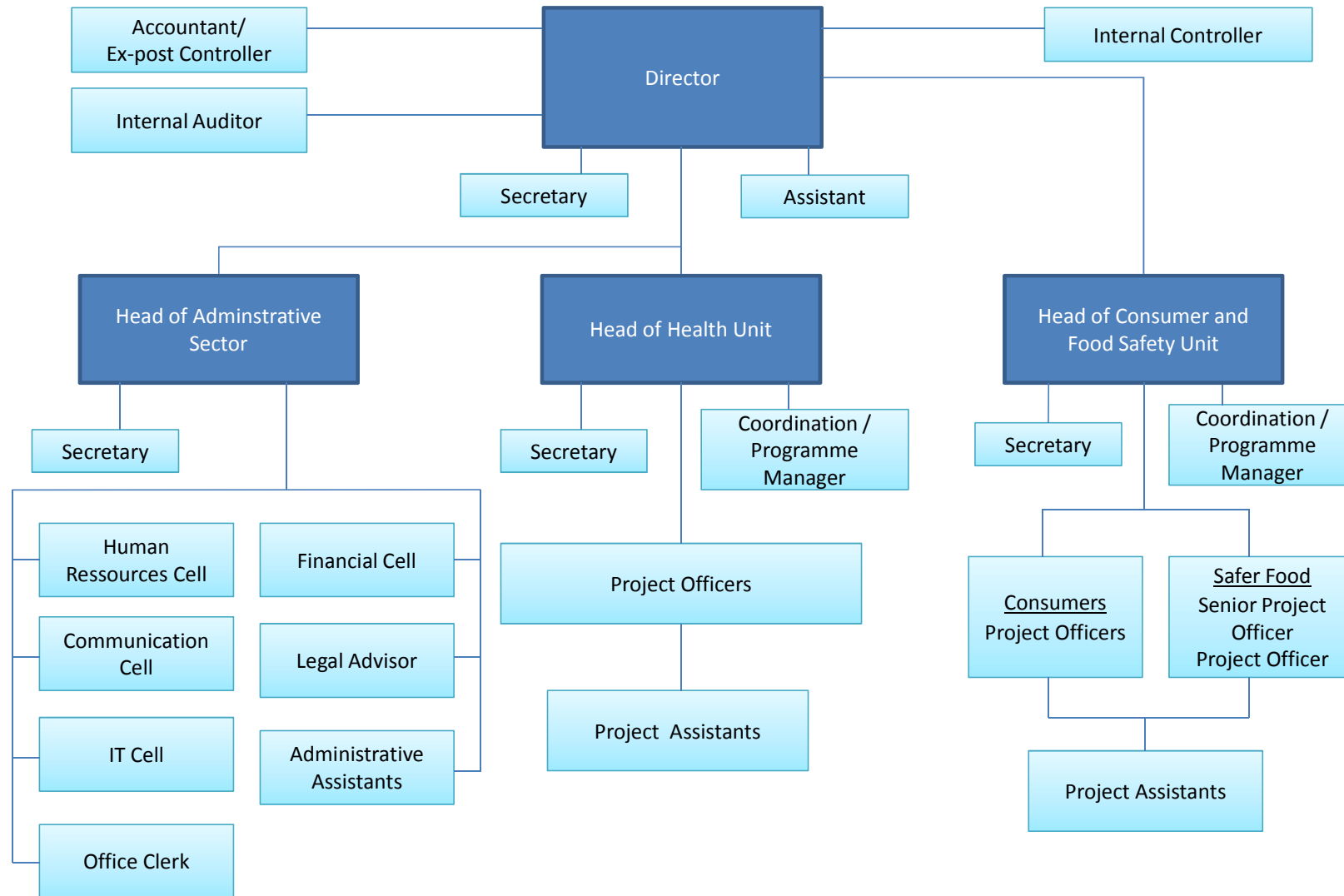
The staff of the Executive Agency consists of Commission officials seconded as temporary staff members by the institutions for positions of responsibility in the Executive Agency. Other temporary staff members are recruited directly by the Executive Agency as well as contract agents on renewable contracts.<sup>45</sup> Head of Units, coordinators, project officers and project assistants constitute the key staff in each unit. The units are relatively large in size ranging up to 20 members of staff.

The detailed organisation chart of the EAHC is shown in Figure 4.

<sup>45</sup> 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, Article 18



Figure 4 Organisation chart of the EAHC



## Distinction of tasks between the Executive Agency and DG SANCO

The Executive Agency is under the control of DG SANCO with which it is in continuous contact for reporting and feedback. The Executive Agency is also the contact point for programme beneficiaries, working groups and NFPs (National Focal Points). The beneficiaries are the successful applicants receiving funding or grants from the Agency. The nature of the entities that can apply for funding is very diversified and can be regional and local governments, private enterprises, research institutions, and NGOs.

### Tasks of the Executive Agency

The Executive Agency has the mandate to manage Community actions in the field of public health and more specifically the following tasks:

- managing all phases in the lifetime of specific projects, in the context of implementing the programme on public health
- adopting the instruments of budget execution for revenue and expenditure
- gathering, analysing and transmitting to the Commission all the information needed to guide the implementation of a Community programme.

The handover between DG SANCO and the Agency was made in strands according to the Commission Decision delegating powers to the Executive Agency:

- 2005: only the health determinants strand was transferred: the 2005 project proposals were contracted by DG SANCO and later transferred to the Agency.
- the remaining 2005 project proposals were contracted and managed by DG SANCO.
- the 2006 and subsequent call for proposals were managed by the Executive Agency.

### Management tasks of the Executive Agency

The management tasks of the Agency were defined as follows and should be in line with the Council Regulation:<sup>46</sup>

- (a) managing all the phases of the cycle of projects under the Public Health Programme 2003-2008, the second Public Health Programme 2008-2013, the Consumer Programme for 2007-2013 and the Better Training for Safer Food Programme, monitoring projects implemented under these programmes and measures, including the necessary checks
- (b) collecting, processing and distributing data, and in particular compiling, analysing and transmitting to the Commission all information required to

<sup>46</sup> Commission Decision of 9/IX/2008, S. 6f.

guide implementation of the Community programmes and measures, promote coordination and synergy with other programmes of the Communities, the Member States or international organisations

- (c) organising meetings, seminars, talks, and training measures
- (d) helping to evaluate the programme's impact, in particular the annual and/or mid-term evaluation of implementation of the programmes, and implementing the follow-up actions on evaluations decided by the Commission
- (e) disseminating the results of the information operations planned and implemented by the Commission
- (f) producing overall control and supervision data
- (g) participating in preparatory work on financing decisions.
- (h) implementing revenue and expenditure within the framework of the general Financial Regulation. In this aspect, acting on the powers delegated to it by the Commission and according to the Commission's work programmes, it should undertake all operations necessary for implementing the Community programmes and measures entrusted to it, and in particular those connected with the award of contracts and grants

#### Tasks of the Commission

The tasks of the **Commission** are defined as follows:<sup>47</sup>

- (a) Overall, the Commission is responsible for defining the priorities of the health programme. The responsibilities of the Commission are the following: defining objectives, strategies and priority areas of action
- (b) adopting work programmes counting as financing decisions or financing decisions within the meaning of Article 75 of the general Financial Regulation
- (c) participating in programme committees and submitting to the committees measures to be taken, where implementation of the Community programmes and measures requires, according to the legal basis, a comitology procedure<sup>48</sup>
- (d) launching inter-service consultation
- (e) launching and taking enforceable recovery decisions within the meaning of Article 256 of the EC Treaty and Article 72 of the general Financial Regulation.

<sup>47</sup> Commission Decision of 9/IX/2008, S. 7.

<sup>48</sup> The Comitology procedure gives the Parliament the right to monitor the implementation of legislative instruments adopted under the co-decision procedure. For more details see: [http://europa.eu/scadplus/glossary/comitology\\_en.htm](http://europa.eu/scadplus/glossary/comitology_en.htm)

### Information and reports on implementation and planning

The Agency reports quarterly to DG SANCO (until July 2008 reporting was bimonthly) on the main activities of the period, such as execution of call for proposals, negotiation procedures, payments to the final beneficiaries, organisation of technical meetings for the operational units of DG SANCO, recruitment of personnel, etc. In the annex to the quarterly report, summary tables show the status of the ongoing projects. Furthermore, the operating budget and the operating appropriations are provided. The Agency attaches to the report also the administrative budget.

The annual planning and reporting cycle is described in the Framework Regulation (Council regulation 58/2003). The overall planning cycle for the Executive Agency is shown below.

*Table Annual planning and reporting cycle for the Executive Agency*

Time of year	Activity
Beginning of year	Steering Committee's adoption of the annual work programme - also called the Annual Management Programme (AMP)
Beginning of year	Steering Committee's adoption of the Executive Agency's operating budget (not to be adopted until the general budget of the European Union has been finally adopted)
No later than 1 March	Steering Committee forwards the provisional accounts for the previous year to the Commission and the Court of Auditors
No later than 31 March	Steering Committee's adoption of the annual activity report (AAR) together with financial and management information
No later than 31 March	Steering Committee's adoption of draft operating budget for the following financial year
No later than 15 June	The Commission sends a summary of the Executive Agency's annual report for the previous year to the budgetary authority
1 July	Final accounts for the previous year to be sent to the Commission and the Court of Auditors

The planning and reporting cycle is the basis of the Agency's annual activities. It is also the basis of the Agency's implementation of the Annual Management Plans (AMP) and the budget.

### **Project management life cycle**

The Executive Agency is involved in the full life cycle of projects starting with launching calls, making proposals to the DGs on improvements of programme contents and ending with feedback to DGs. The figure 5 below presents all stages of project life cycle for grants. However a growing part of the Public Health programme is implemented via calls for tender.

Figure Overview of the project life cycle



Involvement in project life cycle

The Agency is involved in steps 1 and 2 ranging from the publication of calls to the notification of selection. During these two steps, there are several 'validation points' with the Commission. Step 3 is entirely under the responsibility of the Agency and comprises follow-up on ongoing projects, including monitoring, possible monitoring visits and audits, analyses and feedback on interim and final reports and payments.

Call for proposal

On the basis of the annual work plans designed by the Commission, EAHC implements the priorities. The call for proposals has to comply with the Financial Regulations and describe the areas for funding, the selection and award criteria and the procedures for application and approval. The translation of the call for proposals and the publication in the Official Journal of the EU are made by the Executive Agency<sup>49</sup>. The deadline for submission of the project proposals is normally three months.

Evaluation of the proposals for projects

The Agency organises the proposal evaluation procedure. The proposals for projects are evaluated on the basis of:

- Exclusion and eligibility criteria: eligibility of the applicant (Art. 114 of the Financial Regulation)
- Selection criteria: financial and operational capacity of the applicant to complete the proposed action (Art. 115 of the Financial Regulation)

<sup>49</sup> Annual Activity Report 2009 of the director Public Health Executive Agency, p. 4

	<ul style="list-style-type: none"> <li>• Quality of the proposal taking into account its cost.<sup>50</sup></li> </ul>
Project decision and contract award	The Evaluation Committee is composed of Commission officials (DG SANCO and other DGs) and Executive Agency staff. The Programme Committee is informed of the results of the evaluation before the Commission adopts the contract award decision. Following the award decision, the Executive Agency invites the selected beneficiaries to participate to the proposal negotiation procedure and signs with them the grant agreements and service contracts.
Financial management and monitoring	The EAHC is also responsible for the financial transactions and payments to beneficiaries. The financial department of the Executive Agency conducts payments to beneficiaries and controls all cost statements for each project.
Monitoring of projects	The EAHC monitors granted projects, conferences, joint actions, operating grants as well as contracted services. The EAHC is empowered to organise technical meetings, seminars and conferences. Furthermore, EAHC contributes to the dissemination of the projects' results.
Reports and feedback to DG SANCO	As the Executive Agency is under the supervision of DG SANCO, it should regularly report to the parent DG on its activities. For that reason at least every three months, the Agency reports to the Director-General of DG SANCO and to the Steering Committee on the main activities of the period, such as execution of call for proposals, negotiation procedures, payments to the final beneficiaries, organisation of technical meetings for the operational units of DG SANCO, recruitment of personnel, etc <sup>51</sup> . In addition, the Agency forwards to DG SANCO the interim and final report of each project in order to inform DG SANCO on the impact and results of the funded projects.

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<sup>50</sup> Commission Decision of 23 February 2009 of the adoption of the Work Plan for 2009 for the implementation of the second programme of Community action in the field of health (2008 to 2013), and on the selection, award and other criteria for financial contributions to the actions of this programme (2009/158/EC), Annex II

<sup>51</sup> Commission Decision of 09 September 2008 delegating powers to the Executive Agency for Health and Consumers with a view to performance of tasks linked to implementation of the Public Health Programme 2003-2008 as adopted by Decision 1786/2002/EC, the Public Health Programme 2008-2013 as adopted by Decision 1350/2007/EC, the Consumer Programme 2007-2013 as adopted by Decision 1926/2006/EC and the food safety training measures covered by Regulation (EC) No 882/2004 and Directive 2000/29/EC, Article 14

## Appendix 5: Cost calculations

The objective of the cost benefit assessment is to calculate the cost of programme management by the Executive Agency and to compare it to the cost of an alternative programme management option. Further, it is to assess the consequences and the costs of the Executive Agency closure before the expiry of its official mandate as well as the potential management solutions that could replace the Executive Agency and undertake PHP management.

### Cost benefit assessment

The cost of programme management in the Executive Agency are assessed by comparing it to the cost of programme management in DG SANCO for the years 2006-2009 as stated in TOR. The entire lifetime of the agency is assessed in order to estimate the costs of “a closure of the agency as quick as possible” and “a closedown on expiry of its current mandate in 2015”.

The scope of this analysis is to compare the costs of the two programme management solutions and to estimate which is the most beneficial and to validate the decision taken to establish the agency. To a large degree, this exercise will be based on historical data as the Agency has been operational for a number of years, and the current mandate expires in 2015.

In a CBA, one should be forward looking and address alternative management options. However, for the period assessed here the programme management options of the Commission have been either management by a Directorate General or an Executive Agency. This follows the phasing out of technical assistance offices, which were previously used to assist managing Commission programmes and the need for the Commission to focus on institutional tasks and policy making. In effect, this led to staff shortage for programme management<sup>52</sup>. To ensure effective (improve service delivery) and efficient (lower costs) programme management, Council regulation No 58/2003 was adopted in December 2002 laying down the statute for executive agencies.

Thus, two programme management options are assessed in this ex-post CBA:

- Programme management by the Executive Agency. The analysis will cover the two periods of the Health Programme (2003-2008 and 2008-2013).
- Programme management in the Commission by DG SANCO. It is assumed that the allocation of programme management to DG SANCO will lead to changes in the DG SANCO organisation, as a programme management unit will have to be added in the organisational chart of DG SANCO dealing with the management of the transferred programme.

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<sup>52</sup> This was also discussed in the CoA report “Delegating implementation tasks to executive Agencies: A successful option?” and the Commissions response hereto (paragraphs 61 and 62).

The CBA will be followed by a sensitivity analysis assessing the variables and assumptions that the CBA is based on and in particular the in Commission option.

### **Assumptions**

Given the retrospective nature of this exercise, the costs of managing the Executive Agency will be compared to a similar set-up in the Commission, which would be likely to deliver the same type of services as the Agency has provided.

The basic assumptions, methodology and parameters for calculating the cost-benefit assessment are presented below in order to analyse the cost of the Executive Agency since its establishment and until the end of its official mandate (2015).

#### **Staff assumptions**

Staff level and categories

The main staff categories that will be considered in the cost calculation are the following:

- Temporary agents are either Commission officials seconded to the Executive Agency or recruited externally.
- Contract agents are hired to cover administrative tasks and project officers' duties (for job descriptions see in Appendix 6). The duration of contract agents' contracts is limited in time and can be renewed if their services are considered necessary.
- Coordination and checks by staff in parent DG.

Staff level in the Executive Agency

The following table presents the staff level of the EAHC for the period 2006-2015.



Table A Number of staff in EACH 2006-2015 according to employment status

Number of staff										
Staff status	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Contract Agents	17	20	34	38	37	38	38	38	25	13
Temporary Agents (incl. officials)	8	8	8	12	11	12	12	12	8	4
<b>Total staff in Agency</b>	<b>25</b>	<b>28</b>	<b>42</b>	<b>50</b>	<b>48</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>33<sup>53</sup></b>	<b>17<sup>54</sup></b>
Coordination and check <sup>55</sup>	2	2	2	3	3	3	3	3	2	1

#### Coordination and checks

Coordination and checks comprise staff time (expressed in FTE) spent in DG SANCO to coordinate and performing checks as a consequence of having a separate institutional setup to perform project management. It is thus a cost associated to the running of the Agency, which would otherwise not have occurred in the Commission.

According to the Act of Delegation, the EAHC is a legal entity with powers delegated by DG SANCO. DG SANCO is entitled to check if the Agency operates in accordance with the rules of sound financial management and to review the Agency's operations and approve changes in procedures or systems. In addition, parent DGs monitoring responsibilities include documentaries and on-the-spot checks for verifying the existence of management and control systems and the legitimacy of the Agency's acts.

The number of DG SANCO officials required for performing the above-mentioned functions is estimated in the table above. The following types of activities are foreseen for coordination and checks:

#### Box Types of activities for coordination and checks

- Steering Committee (at least two SANCO officials Director and Director General + Head of Unit C1 + 1 desk officer) x 4 times/year
- Bilateral meetings Director of the EAHC with Director SANCO General Affairs + Head of Unit A3 + 1 desk officer x 4 times/year

<sup>53</sup> Based on assumptions stated in Table G

<sup>54</sup> Idem

<sup>55</sup> Based on estimation by DG SANCO and the "Legislative financial statement for the transformation of the "Executive agency for the public health programme" into the "Executive agency for health and consumers"".

- Coordination meetings the EAHC -SANCO C1 (on the part of DG SANCO C1: HoU + H of financial sector + 1 desk officer) x 12 times/year
- Evaluation Committee for the implementation of the Programme ( 4 DG SANCO officials) x 1time (full day meeting)/year
- Tenders: ToR for tenders are prepared by DG SANCO officials and in the Evaluation of Tenders at least 1 SANCO official x the number of tenders launched by the EAHC under the HP.
- Evaluation of the Agency (every 3 years) : 1/5 of a FTE during 1 and half year every 3 years + at least 4 Steering Group members x 8 meetings every 3 years
- DG SANCO participation in info days: 4 DG SANCO officials x 1 meeting/year
- Coordination of budget issues, parliamentary questions, inter-institutional relations, etc
- Coordination for audits of EAHC, ex-post controls etc
- Daily contacts

## Employment

The flexibility of the Agency to recruit external agents means that it can employ staff with specific skills and that the Agency has the possibility of a more targeted recruitment process in accordance with actual needs compared to the Commission.

The Commission also has limitation on the number of human resources. Thus, it is assumed that DG SANCO could recruit staff through internal redeployment and/or through the Annual Policy Strategy. Both mechanisms focus on changing priority levels at the respective levels in order to redeploy human resources.

There could be a risk that priorities in the DG would have to change drastically to facilitate the required number of Commission officials or that the management of the programme would be understaffed which, in turn would lead to a decline in the services delivered by the programme management.

The priority of the Commission officials is to focus on institutional tasks and policymaking. This means that given a limitation of human resources tasks not directly linked to these should be outsourced if possible.

## Staff level in the Commission option

The total number of staff in the Commission option will be the same as in the Executive Agency option; this is based on the assumption that it will require an equal proportion of manpower to deliver a similar level of project management services.

It is in principle possible to recruit the same amount of contract agents in the Commission as in the Agency. However, as this is a CBA of ex-post nature the

advice given by DG Budget/DG ADM was that the in-house scenario should be an extrapolation of the staffing situation in the parent DG.

Furthermore, the Commission can only employ staff for a period of three years (without renewal) whereas the agencies can renew contracts, and employees can have contract durations matching the lifetime of the Agency<sup>56</sup>. This means the Agency have the potential to retain staff thereby ensuring the knowledge base.

The same assumptions concerning the staff composition were discussed in the CBA for the extension of the Agency as well as in the CBA of the EACEA and TENTEA.

Based on this assumption, the table below illustrates that the average number of contract agents in DG SANCO C was 11 per cent during the period 2004-2009. This number is used to calculate the CBA.

*Table B Staff composition in DG SANCO C*

DG SANCO C	2006	2007	2008	2009	Average
Staff	105	113	121	120	
CA	14	14	8	13	
Percentage	13%	12%	7%	11%	11%

Source: DG SANCO HR

This assumption is based on practice during the period assessed and advice given during this period by DG Budget/DG ADM. However, if the Commission had more flexibility to employ contractual agents, it would be able to have a similar staff cost structure as an agency (see sensitivity analysis for estimates in the following Chapter).

*Table C Number of staff in the internalisation option*

Year	2007	2008	2009	2010	2011	2012	2013	2014	2015
Commission officials	25	33	43	44	44	44	44	29	15
Contract Agents <sup>57</sup>	3	4	5	6	6	6	6	4	2
<b>Total in Commission<sup>58</sup></b>	<b>28</b>	<b>37</b>	<b>48</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>33</b>	<b>17</b>

<sup>56</sup> EU staff regulation, 1-5-2004, conditions of employment of other servants of the European Community.

<sup>57</sup> Based on the average level in DG SANCO C (11% of total) during 2006-2009.

<sup>58</sup> Based on total staff in Agency (Table A)

Staff costs in the Executive Agency

### Cost assumptions

Actual staff costs are used for the period 2007-2009, and for 2010 the costs foreseen in the budget will be used. For the rest of the lifetime of the Executive Agency (2011-2015) staff costs will be adjusted with the yearly salary adjustment rate, and overheads will be adjusted with the inflation rate (See tables below).

When closing down the Agency, seconded officials currently working in the Executive Agency will be transferred to DG SANCO at no additional cost. The contracts of staff recruited not being EU officials have the contracts linked to the lifetime of the Agency and costs of unemployment benefits are incorporated in the yearly staff costs.

Staff costs in the Commission

The table below presents the average salary costs to be used in the cost calculation of the Commission option. These figures were provided by DG Budget.

Table D Annual staff cost in the Commission 2007-2010 - Euro/FTE

	2007	2008	2009	2010
Temporary Agents and Commission Officials per staff/FTE	97,000	100,000	100,000	104,000
Contract Agents <sup>59</sup> per staff/FTE	-	-	-	42,000
Overheads per staff/FTE	23,000	22,000	23,000	23,000

Source: European Commission, DG Budget, [http://www.cc.cec/budg/pre/legalbasis/pre-040-020\\_preparation\\_fr.html](http://www.cc.cec/budg/pre/legalbasis/pre-040-020_preparation_fr.html)

Salary adjustment rates and inflation rates

As mentioned above, staff costs are adjusted with the salary adjustment rates and the overheads are adjusted with the inflation rate. The table below presents the salary adjustment and interest rates to be used in the cost calculations.

Table E Salary adjustment rates in the Commission 2008

Yearly averages adjustment rates	Rates
Adaption rate reflecting inflation	2.30%
Echelon rate reflecting promotion	2.60%
Year average – total	4.90%

Source: European Commission, DG Budget

The 2008 are the latest rates available from DG Budget.

Discount and inflation rates

The table below presents the rates used in the CBA. The Commission's impact assessment guideline<sup>60</sup> recommends using a discount rate of 4 per cent in cost

<sup>59</sup> Not available from DG Budget for years 2007, 2008, 2009 - calculated in model by adjusting with the salary adjustment rates

<sup>60</sup> Impact Assessment Guidelines, 15 January 2009, SEC(2009)92 – Secretariat General

benefit assessments. The inflation rate is based on DG ECFIN's latest forecast<sup>61</sup> for 2010.

Table F Financial rates

Discount and inflation rates	Rates
Discount rate	4.0%
Inflation rate	1.75%

Net present value (NPV)

The Net Present Value is the difference in discounted costs between managing the Public Health Programme in the Agency and in DG SANCO. The calculation of the NPV is based in the following formula:

$$NPV = \sum_{j=1}^n \frac{values_j}{(1 + rate)^j}$$

NPV = Net Present Value

n = total years

j = year

Rate = discount rate

Values = yearly cost difference between agency and DG SANCO management option

Cost Programme costs

Programme operating costs are taken from the PHP budget for programme specific activities (not for administration). It is assumed that these programme activities and related costs would have been similar if programme management was conducted by the Commission. Programme costs for 2011-2013 are assumed to be equal to those of 2010.

Establishment costs

The Agency establishment costs are assumed to be included in the 2007 annual account figures. The Agency was established in December 2006, and the costs of 2006 were reported in the 2007 accounts.

Phasing out

The period from when a call for proposal is launched until the contract is signed is on average approximately seven months (selection and negotiation period), and the projects can have duration of up to three years. This means that call for proposals launched in April 2013 are likely to have a workload impact until 2017. The workload will diminish from 2014 as no new calls are to be launched after that date and as projects are being closed. The current mandate of the EAHC is until 2015 after which the remaining open projects will have to be transferred to the Commission.

<sup>61</sup> ECFIN - European Economic Forecast Spring 2010, HICP forecast Yearly average

The costs of handling open files/projects after 2015 will therefore be similar in the two options analysed. Depending on scope, design and size of the new public health programme 2014-2020, it is likely that the EAHC will continue programme management in which case they would also be responsible for closing the assignments under the 2008-2013 programmes.

It is difficult to predict the exact number of projects to be managed and closed in 2014 to 2017 as it depends on the number of projects financed in 2010 until 2013 as well as the duration of these.

- For 2014, no new calls for proposals will be made (no selection and negotiation phase) and no new calls for tenders will be launched.
- For 2015, no new calls will be launched, and projects launched in 2011, 2012 and 2013 can be ongoing (depending on their duration).
- For 2016, the workload will concern projects funded under call for proposals in 2012 and 2013 depending on the duration of these projects.
- For 2017, the workload will relate to closing the assignment launched in 2013 with a three-year duration (an estimate could be in the area of 10 per cent of the 2013 workload).

Table G Estimate of work load during phasing out period

Workload	2013	2014	2015	2016	2017
Workload	100%	66%	33%	20%	10%

## Programme management costs

The CBA is based on real costs and budgeted costs for the remaining years of the Agency and in the Commission scenario, a similar project management organisation (assuming delivery of similar services) is envisaged within DG SANCO.

The table below presents the outcome of calculations of programme management costs, based on the model calculating the costs of programme management in the Executive Agency.

### EAHC

The yearly costs of project management in the EAHC increased from EUR 4.52 million in 2007 to the budgeted EUR 6.77 million in 2010 reflecting reaching cruising speed in terms of work load in 2010/2011 and the addition of the food safety programme and consumer protection programme in 2009.

The yearly difference in costs between project management in the Agency and the alternative Commission scenario is negative in 2007 reflecting the setting up of the agency then increasing to EUR 0.62 million in 2008 and EUR 0.90 million in 2009. Until 2013, the cost savings remain stable at approximately EUR 0.9 million.

The yearly cost savings amount to a net present value of EUR 5.14 million over the lifetime of the Agency or 12 per cent of the total EUR 42.83 million costs of the in Executive Agency option (2010 prices). Thus the net present value of EUR 5.14 million represents the difference in programme management costs in the Commission (EUR 47.97 million) and the Agency (42.83) in 2010 prices. The costs are presented in Table H.

From 2009 to 2013, the Agency is in cruise speed and the yearly management costs will remain stable (adjusted for inflationary impact), this being the last year in which new calls for proposals are launched. In 2014 and 2015, the costs are reduced significantly reflecting the phasing out of the programme. Remaining open files for 2016 and 2017 would have to be transferred to the Commission for completion and closure assuming that the Agency closes at the current expiry date, end 2015. It is assumed that the costs of closing the remaining open files are similar in the two options. If the mandate of the Agency is extended, it is more likely that the Agency will deal with the remaining open files under a new programme.

#### DG SANCO

The management of the public health programme in the EAHC is mirrored to DG SANCO in this option assuming that a specific project management unit was created in DG SANCO, handling a similar workload and providing the same level of services towards the beneficiaries and towards the other departments of DG SANCO.

The additional costs are mainly associated with the staff composition. Whereas the EAHC can recruit up to 75 per cent of the staff as contract agents and have the flexibility to retain them for the lifetime of the Agency, the Commission has a limitation on staff resources, which are being allocated according to priorities<sup>62</sup>. This means that DG SANCO does not have the same flexibility to recruit and retain contract agents. If DG SANCO could recruit a higher ratio of contract agents, it would benefit from cost savings; however, each agent would only be able to remain for a period of three years<sup>63</sup>.

An important assumption made in the Commission option is that the European Commission will provide the staff resources (contract agents and Commission officials) needed to manage the programme.

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<sup>62</sup> EU staff regulation, 1-5-2004, conditions of employment of other servants of the European Community

<sup>63</sup> The average staff costs of contract agents are up to 50% lower than those of Commission Officials.

Table H Estimated programme management costs in EAHC and in DG SANCO

Number of Staff	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Commission Option</b>	<b>28</b>	<b>37</b>	<b>48</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>33</b>	<b>17</b>
Temporary Agents (including officials)	25	33	42	44	44	44	44	29	15
Contractual Staff	3	4	6	6	6	6	6	4	2
<b>Executive Agency Option</b>	<b>30</b>	<b>39</b>	<b>51</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>53</b>	<b>35</b>	<b>18</b>
Executive Agency	28	37	48	50	50	50	50	33	17
Temporary Agents (including officials)	8	9	11	12	12	12	12	8	4
Contractual Staff	20	28	37	38	38	38	38	25	13
EC Officials coordination and checks	2	2	3	3	3	3	3	2	1
Costs - Million Euro	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Commission Option</b>	<b>4.67</b>	<b>4.98</b>	<b>7.42</b>	<b>7.96</b>	<b>8.26</b>	<b>8.56</b>	<b>8.88</b>	<b>4.72</b>	<b>2.46</b>
Staff Cost	2.53	3.45	4.50	4.83	5.06	5.31	5.57	3.90	2.04
Overheads <sup>64</sup>	0.64	0.81	1.10	1.15	1.17	1.19	1.21	0.82	0.42
Programme Cost <sup>65</sup>	1.49	0.71	1.82	1.99	2.02	2.06	2.09	0.00	0.00
<b>Executive Agency Option</b>	<b>4.71</b>	<b>4.36</b>	<b>6.52</b>	<b>7.09</b>	<b>7.34</b>	<b>7.60</b>	<b>7.87</b>	<b>4.01</b>	<b>2.09</b>
Cost of coordination and check EC	0.19	0.20	0.30	0.31	0.33	0.34	0.36	0.25	0.13
<b>Cost Executive Agency</b>	<b>4.52</b>	<b>4.16</b>	<b>6.22</b>	<b>6.77</b>	<b>7.01</b>	<b>7.25</b>	<b>7.51</b>	<b>3.76</b>	<b>1.96</b>
Staff Cost	1.93	2.51	3.34	3.69	3.87	4.06	4.25	2.98	1.56
Overheads	1.09	0.94	1.06	1.10	1.12	1.14	1.16	0.79	0.40
Programme Cost	1.49	0.71	1.82	1.99	2.02	2.06	2.09	0.00	0.00
<b>Difference in cost</b>	<b>-0.04</b>	<b>0.62</b>	<b>0.90</b>	<b>0.88</b>	<b>0.92</b>	<b>0.96</b>	<b>1.01</b>	<b>0.70</b>	<b>0.37</b>

<b>Total cost in 2010 prices</b>	
<b>47.97</b>	

<b>42.83</b>	
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<b>5.14</b>	
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**Net Present Value (NPV) – Million Euro** **5.14<sup>66</sup>**

<sup>64</sup> Overheads are calculated by multiplying the number of staff/FTE to the average overhead cost in the Commission (see Table D).

<sup>65</sup> The programme costs (costs already incurred and budgeted costs until 2013) are assumed to be similar in the Agency and in the Commission as they fund programme related activities.

<sup>66</sup> Thus the net present value of EUR 5.14 million represents the difference in programme management costs in the Commission (EUR 47.97 million) and the Agency (EUR 42.83 million) in 2010 prices.



### Cost by programme

Above the retrospective CBA shows that the Agency option has a positive NPV and that over the lifetime of the Agency savings amount to EUR 5.14 million compared to the Commission option assuming the full lifespan of the Agency (See Table above). However, from 2009 the Agency was extended to manage the “Consumer programme” and the “Better training for safer foods programme”. These two programmes are not directly part of this evaluation though for full lifetime assessment they cannot be ignored as they are an integrated part of the Agency.

In 2009, the EAHC commissioned the study “Cost accounting system (scenario 2 page 25)” in which the cost of the agency was assessed by programme. Based on the result and recommendations of the report, the combined results for the financial year were used to estimate a key for distributing the costs among the three programmes.

*Table I Scenario 2 - Key to distribution of expenses*

Programme	Key
Public health	59.4%
Consumer protection	24.2%
Better training for safer food	16.5%

Source: own calculation based on “Cost accounting system” 2009 EAHC

Applying these rates to the CBA enabled an estimation of the costs by programme. Isolated the public health programme has a NPV value of EUR 3.27 million (see Table J). The total value of managing the public health programme in the Agency option is EUR 28.90 million (2010 prices) and EUR 32.17 million in the Commission option (2010 prices)<sup>67</sup>. From 2008 until 2013, the yearly differences between the two options are approximately EUR 0.5 million lower than for the full Agency.

<sup>67</sup> This is calculated by taking the present value (2010) of the yearly costs for the agency option and the commission option, see Table J.

Table J Estimated programme management costs in EAHC and in DG SANCO

Costs - Million Euro	2007	2008	2009	2010	2011	2012	2013	2014	2015	Accumulated cost in 2010 prices
<b>Commission Option</b>	<b>4.67</b>	<b>4.98</b>	<b>7.42</b>	<b>7.96</b>	<b>8.26</b>	<b>8.56</b>	<b>8.88</b>	<b>4.72</b>	<b>2.46</b>	
Public health	4.67	4.98	4.41	4.73	4.90	5.08	5.27	2.80	1.46	32.17
Consumer protection			1.79	1.92	1.99	2.07	2.14	1.14	0.59	
Better training for safer foods			1.22	1.31	1.36	1.41	1.46	0.78	0.41	
<b>Executive Agency Option</b>	<b>4.71</b>	<b>4.36</b>	<b>6.52</b>	<b>7.09</b>	<b>7.34</b>	<b>7.60</b>	<b>7.87</b>	<b>4.01</b>	<b>2.09</b>	
Public health	4.71	4.36	3.87	4.21	4.36	4.51	4.67	2.38	1.24	28.9
Consumer protection			1.57	1.71	1.77	1.83	1.90	0.97	0.51	
Better training for safer foods			1.07	1.17	1.21	1.25	1.30	0.66	0.35	
<b>Public health - difference in cost</b>	<b>-0.04</b>	<b>0.62</b>	<b>0.54</b>	<b>0.52</b>	<b>0.55</b>	<b>0.57</b>	<b>0.60</b>	<b>0.42</b>	<b>0.22</b>	3.27

Net Present Value (NPV)

3.27<sup>68</sup>

<sup>68</sup> The net present value presents the discounted (2010) differences in programme management costs in the Commission and in the Agency (see last column in table).

### Assessing the assumptions and sensitivity

The assessment of the programme management costs shows yearly savings between 3 per cent and 7 per cent of the programme management costs in the Agency. This margin is low compared to other CBAs made of agencies partly reflecting the relative small size of the Agency.

In this context, it is important to assess the impact of the assumptions made and the variables in the model. The Agency costs are based on real figures and budgets for 2007-2010, whereas the alternative option management in the Commission is 'constructed' based on a number of assumptions.

Proportion of contract agents

The assumption that 11 per cent of the staff in the Commission are contract agents plays a crucial role for the outcome of the CBA. The main cost item in the Agency and the Commission are salaries. The Agency recruits approximately 75 per cent contract agents that have significant lower salaries than temporary agents or commission officials. In terms of cost efficiency, an agency would have to employ relatively more contract agents than the Commission option to offset the increased number of personnel for coordination, supervision and control.

In order to address the issue the below Table illustrates the impact of lowering or increasing the ratio between contract agents and officials in the Commission.

Table K *Sensitivity assessment of staff ratio (contract agents/commission officials) in the Commission option*

Proportion of contract agents	5%	11%	25%	37,5%	50%
NPV– M EUR	6.34	<b>5.14</b>	2.36	-0.09	-2.49

If in the Commission option the ratio of contract agents was increased to 25% the NPV would still be positive at 2.36 Million EUR favouring the Agency option. With a ratio of approximately 37 per cent of contract agents the Commission option would break even with the Agency option. Recruiting more than 37 per cent of contract agents would make the Commission option favourable in terms of costs<sup>69</sup>.

If the Commission wishes to run a low-cost administration with an increased ratio of contract agents the staff turnover and continuity of services would be an issue as contract Agents in the Commission have a limitation to their contract

<sup>69</sup> This is based on the assumption that the average price of contract agents is 42,000€ per year (2010 prices, see Table D). This is an average cost figure for the average category of Contract Agent employed in the Commission. In case higher grade contract agents are needed than the current average in the Commission, corresponding costs would increase and so would the “break even” percentage in Table K.

of maximum three years. Replacing one third or more of the staff every third year could prove to be a challenge.

#### Coordination and checks

Coordination and checks are defined as those established by the act of delegation. Coordination is more vaguely defined as it borders on policy making and coordination, which would also have taken place inside the Commission (if management was done in a specific unit or as previously by a TAO). Furthermore, requirements for coordination tend to be higher in the initial phase of an agency until working habits are established.

The table below illustrates the impact of coordination and checks on the NPV if the number of days is halved (1FTE in 2007-2008; 1.5 FTE 2009-2013) and if the number of days is doubled (4FTE in 2007-2008; 6 FTE 2009-2013).

*Table L Sensitivity assessment of level of coordination and checks*

Level	Reduced by ½	100%	Double
2007-2008	1 FTE	<b>2FTE</b>	4 FTE
2009-2013	1.5 FTE	<b>3 FTE</b>	6 FTE
NPV–M EUR	6.14	<b>5.14</b>	3.15

By reducing the requirements for coordination and checks by half the net present value will increase by approximately EUR 1 million and by increasing the requirements by 100% the NPV will be reduced by EUR 2 million but still be positive.

#### Interest and discount rates

The financial rates presented above are used to adjust costs and salaries and the discount rate. The rates are based on actual rates or recommended rates by the Commission. These rates fluctuate over time and are therefore an important parameter in the calculations. In the below Table the outcome of reducing the rates to zero and increasing them by 100 per cent are presented.

*Table M Sensitivity assessment of inflation rates (salary and overheads)*

Level	Reduced by ½	100%	Double
Inflation	0.875%	<b>1.75%</b>	3.5%
Salary adjustment rate	2.45%	<b>4.9%</b>	9.8%
NPV–M EUR	4.99	<b>5.14</b>	5.49

*Table N Sensitivity assessment of level of discount rate*

Level	Reduced by ½	100%	Double
Discount rate	2%	<b>4%</b>	8%
NPV–M EUR	5.69	<b>5.14</b>	4.24

Reducing the inflation rate by half has a negative impact on NPV by EUR 0.15 million (or 3 per cent). Increasing the inflation by one hundred percent has a positive impact on NPV by 6 per cent.

The discount rate has a positive impact on NPV by approximately 10 per cent if halved and approximately 20 per cent if doubled.

## Conclusion

The conclusions from the above are that the financial rates have less impact on the outcome of the CBA. The need for coordination and checks has a direct impact on the outcome of the CBA. If it is possible to reduce the amount of coordination needed it will have a direct positive impact on the NPV. If the need for coordination increases it will have a negative impact on the NPV.

Finally the more important assumption of the CBA is the number of contract agent that is employed in the Commission option. If the Commission would employ above 37 per cent contract agents the CBA would have a positive NPV in favour of the Commission option (however contract agents would only be retained for a maximum of three years).

## Early closure of Executive Agency

The framework Regulation N° 58/2003 of 19 December 2002 states that "where the Commission considers that it no longer requires the services of an executive agency which it has set up, or that its existence no longer complies with the principles of sound financial management, it shall decide to wind it up". This evaluation has not found any grounds of mismanagement by the Agency or non-compliance with the principles of sound financial management. On the contrary, the evaluation has shown that in these fields the Agency has delivered improved services compared to the previous situation. Furthermore, the previous sections show that the Agency is beneficial in financial terms compared to a situation where the same services were delivered by DG SANCO.

Despite these findings, the next section addresses the closedown of the Agency as within the shortest reasonable and realistic timeframe as requested in the ToR.

## Conditions and assumptions for closing the Agency

Closure of the Executive Agency before the expiry of its mandate (2015)

The consequence of closing the Executive Agency before the expiry of its current mandate would mean that the management of the health programme should be delegated to another programme management scheme until the expiry of the programme. Given that the Agency also manages the Consumer Programme and the Food Safety Programme, these two programmes would also have to be transferred to another entity.

The more realistic timeframe to close the Agency would be January 2012. This means that the Commission would have had to decide during the second half of 2010 to close the Agency and provide for up to one year to plan the transfer to an alternative setup. This might even be an optimistic timeframe as recruitment of staff and ensuring that equal management is in place could take longer.

The assumption for preparation of an alternative programme implementation solution and the transfer of the files is based on previous relevant studies for Executive Agencies and discussions with DG SANCO and the Agency. Against this background, it is considered that the two more realistic schemes to replace the EAHC after its closure would be the following:

- Transfer of programme management to DG SANCO
- Transfer of programme management to another Executive Agency.

#### **Assumption for early closure**

A number of assumptions are made as a consequence of early closure of the agency. The conditions related to staff contracts as defined in the EU Staff Regulation are presented in the box below.

Concerning transfer of files and human resource issues related to the closure of the Agency, it is assumed that planning is done well in advance to ensure that the necessary redundancies and organisational management are made timely. It is also a pre assumption that the required staff is made available in the Commission. Failing to deal with these organisational and management challenges would mean delays and increases in transfer costs and most likely disruption of programme management leading to a potential negative impact on the beneficiaries.

It is possible to transfer the Commission seconded staff from the Agency to the Commission, however, it is not certain if the staff employed as temporary agent or contract agent can be transferred for a shorter or longer period (or are willing to)<sup>70</sup>. It is far from evident that new staff will be able to deliver the same quality of services as the Agency currently does within the current framework of the public health programme. Thus, the recruitment procedures of the Commission could delay the period it would take to reach the same operational "cruising speed" as currently in the Agency, which will impact the level and continuity of services and create backlogs. These potential disruption costs (both qualitative and quantitative) are not estimated fully here but could prove significant to the Commission.

It is assumed that the Commission would keep the current location of the Agency for the programme management, which is already an EU leased building in proximity to DG SANCO. Should a decision be taken to close the Agency earlier than foreseen, it will also be necessary to decide on the location

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<sup>70</sup> Staff regulation does not allow the transfer of temporary Agents -who are not seconded EU officials- and Contract Agents from an Agency to the Commission without closing the current contractual employment relation and replacing it by a new contract implying changing grades and duration of contracts. Indeed a contract agent in Executive Agencies is so called "3A" Contract Agents with lower grade and salary levels than their equivalent in the Commission system are "3B" Contract Agents. 3As can perform tasks on longer term and their three-year contract can be renewed twice before becoming of indefinite duration. 3Bs benefit from higher grades and salary levels than 3As but can only have a three-year contract with the Commission.

of programme management and whether to keep the three programmes together.

If an early Agency closure decision is taken, it is most likely that the current Agency Staff would seek new jobs and potentially move on in their careers prior to the closure of the Agency. This would complicate the ongoing management and transfer of management to the Commission if experienced staff are unavailable.

*Box                      Conditions related to staff contracts as defined in the EU Staff Regulation*

For both options a number of conditions and assumptions are similar related to staff and to building facilities.

*Staff* - Seconded EU officials in the Executive Agency will be transferred to parent DGs with no additional cost.

*Validity of staff contracts* - The validity of staff contracts is limited to the lifetime of the Agency. Thus even if staff have obtained permanent employee status, following the third renewal of their contract, it is limited to the lifetime of the Agency.

*Number of staff* - Concerning staff levels it is assumed that programme management by the Commission will require the same number of staff as in the Agency option.

*Unemployment benefits* - In case the Agency is closed down, it is expected that it would terminate before the expiration time of employment contracts. Contribution to unemployment benefits for these employees is included in the salary levels of staff thus do not need to be specified separately.

*Notice periods* - As already explained, an Agency temporary and contract agent is generally first offered a three year employment contract that can be renewed once for another three year period maximum. After six years, if the agent contract is renewed, it will automatically become a contract with unlimited duration. The agent or the Agency will automatically terminate the employment contract when the agent reach retirement age (65) or when it is a limited duration contract with a date written in the contract. If the Agent or the Agency wishes to terminate the employment contract before the date indicated in the contract, a notice period should be given which varies depending on the date of recruitment of the agents and possible extension as defined in the Staff Regulation<sup>71</sup>:

- If it is the first contract, the period of notice will be minimum one month and maximum three months - general rule is one month for each year of service,
- If the contract has been prolonged: in this case the period of notice will be maximum six months - same as before, the rule is one month for each year of service.
- If the contract has become of unlimited duration: the period of notice (same rule applies to CA and TA) has to be specified in the contract. The general rule is: The length of the period of notice shall not be less than one month for each completed year of service, subject to a minimum of three months and a maximum of 10 months.

In all three cases above the period of notice should not, however, commence to run during maternity leave or sick leave (provided such sick leave does not exceed three months) and it is suspended during maternity or sick leave to the limits aforesaid.

All the elements related to social security (employer contribution to pension, unemployment and health insurance) are not "generating" further costs after the notice period expires.

<sup>71</sup> Article 47 and 50 bis, as well as Article 119

If staff members have not used up all their annual leave (by the time the notice period expires) compensation must be paid: this compensation is equal to one-thirtieth of his/her monthly remuneration at the time of leaving the service for each day's leave due to him/her.

Temporary and contract staff (only those who were recruited from outside Belgium and were entitled to installation allowance and removal upon entry into service) who have completed at least four years of service are entitled to the resettlement allowance and the payment of removal expenses. The resettlement allowance is equal to two months of basic salary in the case of staff members, who are entitled to the household allowance and resettle together with a member of their family. Staff members who are not entitled to the household allowance, and staff members who are entitled to it but do not resettle together with a member of their family (or who rejoin their family) receive a resettlement allowance equal to only one month of basic salary.

Staff members, who have completed more than one year but less than four years' service, receive a resettlement allowance proportionate to their length of service, incomplete years being disregarded (i.e. one fourth, two fourth or three fourth of one or two final basic salary/ies).

Temporary and contract staff can also be entitled to reimbursement of the expenses incurred for the removal of furniture and personal effects, including the cost of insurance against ordinary risks (breakages, theft, fire), up to the limit of an estimate approved in advance. On termination of service, removal must be from the place of employment (Brussels) to the place of origin.

*Indemnity payments* - The Staff Regulation provides regulations that says, if the Agency terminates an employment contract before the end date indicated in the contract, CA and TA are entitled to a compensation (indemnity payment) equal to one third of basic salary for the period between the date when his/her duties end (therefore when the period of notice expires) and the date when his/her contract was due to expire.

The indemnity payments apply only for agents with definite period contracts, no indemnity is foreseen for the indefinite contracts.

*Recruitment* - The recruitment of Commission officials to take over programme management after the closure of the Agency will generate additional administrative efforts for the Commission. EPSO provides recruitment services to the Commission as part of its mandate. Staff would have to be employed through internal reallocation and from reserve lists. However experience tells that Commission recruitment procedures are quite lengthy in general. So the selection and recruitment process that cannot be precisely assessed will probably span over more than six months. This will inevitably have an impact on the quality and continuity of service provided to the project's beneficiaries.

Source: This information is from the EU staff regulation and the presentation is taken from the Mid term evaluation of EACEA.

## Transfer of programme management to DG SANCO

### Transfer of management to DG SANCO

The possibility of PHP management and implementation of DG SANCO has two dimensions which are the knowhow and the monetary cost. In terms of knowledge of PHP implementation and management procedures DG SANCO is able to undertake PHP management despite the changes introduced in procedures by the Executive Agency. The ability of DG SANCO to undertake PHP management derives from a number of factors such as the awareness of DG SANCO about and control of the application on contract award criteria for proposals, the involvement of DG SANCO in the organisation of joint action with



the Agency, and the follow up on project results. This issue is analysed in chapter 6.3.

The transfer would reduce the monetary benefits of having the Agency (see Chapter 4.2) from EUR 5.14 million to EUR 2.79 million. Thus, in monetary terms it would not be beneficial to close the Agency before its current expiry date. From a “retrospective” CBA perspective, the monetary costs of transferring the management from the Agency to DG SANCO would be EUR 2.35 million (2010 prices) reflecting the more expensive programme management option in the DG SANCO from 2012 onwards.

Table O Cost of transferring programme management from the EAHC to DG SANCO in 2012

Number of Staff	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Executive Agency</b>	<b>30</b>	<b>39</b>	<b>51</b>	<b>53</b>	<b>53</b>				
Executive Agency	28	37	48	50	50				
Temporary Agents (incl officials)	8	9	11	12	12				
Contractual Staff	20	28	37	38	38				
EC Officials coordination and checks	2	2	3	3	3				
<b>Transfer to DG SANCO 2012</b>						<b>50</b>	<b>50</b>	<b>33</b>	<b>17</b>
Temporary Agents (incl officials)						44	44	29	15
Contractual Staff						6	6	4	2
Costs - Million Euro	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Executive Agency</b>	<b>4.71</b>	<b>4.36</b>	<b>6.52</b>	<b>7.09</b>	<b>7.34</b>				
Cost of coordination and check EC	0.19	0.20	0.30	0.31	0.33				
<b>Cost Executive Agency</b>	<b>4.52</b>	<b>4.16</b>	<b>6.22</b>	<b>6.77</b>	<b>7.01</b>				
Staff Cost	1.93	2.51	3.34	3.69	3.87				
Overheads	1.09	0.94	1.06	1.10	1.12				
Programme Cost	1.49	0.71	1.82	1.99	2.02				
<b>Transfer to DG SANCO 2012</b>						<b>8.56</b>	<b>8.88</b>	<b>4.72</b>	<b>2.46</b>
Staff Cost						5.31	5.57	3.90	2.04
Overheads						1.19	1.21	0.82	0.42
Programme Cost						2.06	2.09	0.00	0.00
Indemnity payments and resettlement allowance (AC TA)						<b>0.61</b>			
<b>Total cost transfer to SANCO</b>	<b>4.71</b>	<b>4.36</b>	<b>6.52</b>	<b>7.09</b>	<b>7.34</b>	<b>9.17</b>	<b>8.88</b>	<b>4.72</b>	<b>2.46</b>
<b>Total costs Executive Agency</b>	<b>4.71</b>	<b>4.36</b>	<b>6.52</b>	<b>7.09</b>	<b>7.34</b>	<b>7.60</b>	<b>7.87</b>	<b>4.01</b>	<b>2.09</b>
<b>Difference</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1.58</b>	<b>1.01</b>	<b>0.70</b>	<b>0.37</b>

Net Present Value (NPV) of transfer

2.79<sup>72</sup>

Total costs 2010 prices
45.62
42.83
2.79

<sup>72</sup> The net present value presents the difference in cost between transferring the management to DG SANCO 1 January 2012 and continuing the programme management in the Agency (see last columns).

Transfer of programme management to another Executive Agency

### Transfer of management to another Executive Agency

This programme management option foresees the transfer of the programme currently managed by the EAHC to another Executive Agency specialized in Community programme management and implementation. Currently, there are six Executive Agencies; the EAHC is based in Luxembourg and five other Executive Agencies are based in Brussels. In short, the options to merge would be:

- The two research Executive Agencies (ERC and REA)<sup>73</sup> are dedicated to the management of research programmes namely FP7. If the research part of public health programme was transferred to FP7 and call for tenders and other grants were moved to DG SANCO, this could be an option for merger.
- The TEN-T EA<sup>74</sup> is an executive agency dedicated to large transport infrastructure projects to ensure technical and financial implementation and management of the TEN-T programme. Due to the specialisation, it is not recommended as a potential merger option.
- The mission of the EACEA<sup>75</sup> is to implement a number of strands of more than 15 Community funded programmes and actions in the fields of education and training, active citizenship, youth, audiovisual and culture. In EU budget terms, public health is classified under the theme citizenship together with media and culture. Despite being placed in Brussels, this could be the more suitable agency for transfer of the health programme.
- The EACI<sup>76</sup> is dedicated to the management of energy, transport, environment, competitiveness and innovation and reports to DG Energy, DG Mobility and Transport, DG Enterprise and DG Environment. As with the TEN-T EA, the thematic focus of the agency is different from the EAHC.

Should the Commission decide on an immediate closure of the EAHC with its current mandate and programme, a merger with for example the EACEA could be a realistic alternative management option for the current programme.

The benefits of unifying the EAHC with another Executive Agency consist in the reduction of administrative costs, need for horizontal services, overheads and the achievement of economies of scale. More specifically, the merger of the EAHC with another Agency could reduce the cost of horizontal services and SLA expenses (service level agreements with the Commission) in public health programme management. However, given the work load of the EAHC (understaffed, see evaluation question on relevance), these reduced costs are likely to be relatively insignificant compared to the current total administrative budget. Staff costs would be similar in the two options; however, given the lower costs of living in Brussels compared to Luxembourg, it may prove easier to retain

<sup>73</sup> ERC –European Research Council Executive Agency; REA – Research Executive Agency

<sup>74</sup> Trans-European Transport Network Executive Agency

<sup>75</sup> Education, Audiovisual and Culture Executive Agency

<sup>76</sup> Executive Agency for Competitiveness and Innovation

staff. The Executive Agencies in Brussels have a slightly lower rate of staff turnover.

Given that the current Agency is operating effectively and that the current public health programme runs until 2013 and the mandate of the Agency until 2015, it does not seem a plausible solution to close the Agency. The risks of disruptive programme management would outweigh the monetary benefits if any. A decision to merge the Agency with another executive agency could be considered depending on the size and design of the new public health programme and financial perspective 2013-2020.

## Appendix 6: Indicative job description for project and financial officers

### Project officer

Project officers assist the head of unit in managing all the phases in the lifetime of the programme from the publication of calls to final Community payments and the dissemination of results and coordinate all related actions. More specifically project officers:

Liaise with relevant European Commission services and other relevant stakeholders.

Contribute to the operation, publication and publicity of the calls for tenders and all supporting documents.

Set up and ensure a sound implementation of the opening and evaluation of calls for tenders, including participation in these processes.

Set up and ensure a sound implementation of the negotiation process for the proposals awarded.

Ensure efficiency, effectiveness and economy of the operation by verifying the respect of the Financial Regulation and compliance with the applicable rules.

Monitor the implementation of the contracts to ensure that the work is proceeds according to plan,

Ensure coordination with the financial and other Agency services.

Contribute to communication activities and to dissemination of project results.

Contribute to horizontal tasks.

Represent the Agency at meetings and other events, participate in missions, evaluation and audit activities.

Contribute to improvements of Agency working methods.

### Financial officer

Financial officers are mainly responsible for the management of contracts and payments and all the financial aspects in the lifetime of projects and public expenditure from the contract preparation to the final payment. In particular the financial officer:

Assist in preparing and monitoring the financial aspects of calls for proposal and calls for tender.

Assist project officers in the financial aspects of negotiation with beneficiaries.

Collect, verify and process the financial and legal documents required form contractors.

Draft contracts, prepare contract amendments, prepare and process financial transactions.

Ensure and follow up the financial management of contracts and grants namely examine and accept cost claims, establish financial documents (commitments, payments, recoveries).

Register relevant project and financial data in the accounting system.

Contribute to the development and implementation of homogenous and compatible procedures, norms and methods to process and access financial information and documents.

## **Appendix 7: Terms of Reference**

# **TASK SPECIFICATIONS**

**Task 1: EX POST EVALUATION OF THE PUBLIC HEALTH PROGRAMME 2003-2008 (PHP)**

**Task 2: 1ST INTERIM EVALUATION OF THE PUBLIC HEALTH EXECUTIVE AGENCY (PHEA) (EAHC SINCE JULY 2008)**



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## INTRODUCTION

The first Programme of Community Action in the field of public health (2003-2008) , hereinafter referred as PHP, ran from 1 January 2003 to 31 December 2007<sup>1</sup>. It introduced an integrated approach towards protecting and improving health. More than 352 projects and other actions were financed over this period.

The Public Health Executive Agency, herein after referred as the Agency, took over the implementation of the PHP in 2005. The Agency also implements the second Programme of Community Action in the field of Health 2008-2013.

Within the present contract, the European Commission aims to evaluate the implementation of the PHP and the first three years of operation of the Agency. It also seeks evidence for the formulation of recommendations on how to improve:

(a) The incentive instrument, namely the Public Health Programme, by means of which Community aims to protect human health and improve public health (task 1)

(b) The body –the Executive Agency– created to assist the Commission in the implementation of Community action in the field of public health under the above mentioned programme (task 2).

A joint Steering Group (SG) has been set up for the two evaluations. It is comprised of staff from the European Commission and the Executive Agency with experience in the different policy areas addressed by the Public Health Programme and evaluation. The task of the SG is to guide and monitor the evaluation process.

*In order for the views of other Commission services involved in health matters to be included in the evaluation process, the Interservice Health Group will be consulted. The object of this consultation is to ensure the necessary coherence and complementarity between the actions under the PHP and those other policies and programmes which also contribute to improve the levels of health protection in the EU. These were expected conditions in the implementation of the Public Health Programme and also supported in the recent Health Strategy for health in all policies.*

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<sup>1</sup> The Public Health Programme 2003-2008, has been shortened by one year, as the new Health Programme started in 2008 and will finish in 2013 in compliance with the financial perspective 2007-2013.

# COMMISSION



## PUBLIC HEALTH PROGRAMME 2003-2008

Decision N° 1786/2002/EC  
of the European Parliament and of the Council  
of 23 September 2002

1. On a proposal of the Commission  
via co-decision procedure

## HEALTH PROGRAMME 2008-2013

Decision N° 1786/2002/EC  
of the European Parliament and of the Council  
of 23 September 2002



ANNUAL WORK PLANS  
Commission decisions taken  
through Comitology procedure

2. On the basis of the Programme Decision,  
the Commission designs annually the work  
priorities and financial mechanisms for their  
implementation in close cooperation with  
MS and participating countries

**Programme Committee**  
(27 MS with voting rights + EFTA  
& candidate countries as observers)



3. On the basis of AWP, the EAHC  
implements the health priorities

with the help of the

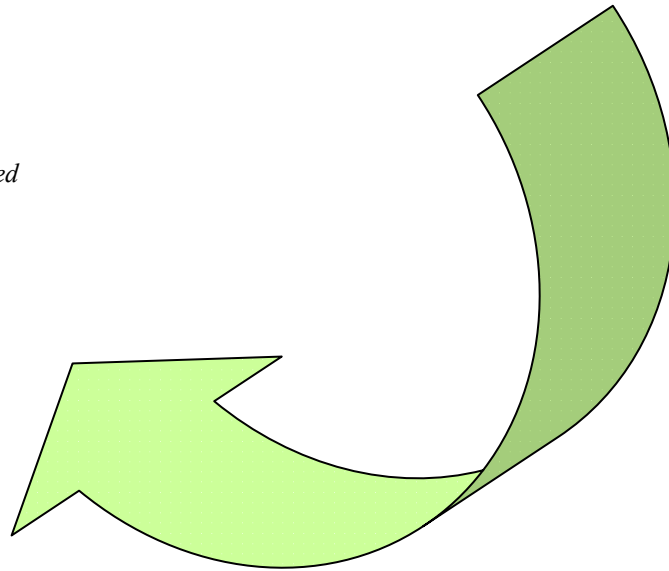
*National Focal Points*

through

**INFODAYS**

**CALLS FOR PROPOSALS for  
PROJECTS, OPERATING GRANTS,  
CONFERENCES and JOINT ACTIONS  
&  
CALLS FOR TENDERS**

**5.** *The Evaluation Committee (DG Health & Consumers + EAHC) and the Programme Committee are informed of the results of the evaluation before the **awarding decision** is adopted by the Commission*



**10.** *The Commission reports annually on the implementation of the Programme to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions*

**11.** *The Commission is responsible for the evaluations of the Programme (mid-term and final evaluation) and for the evaluation of the EAHC*

**4.** The Agency organises the **EVALUATION PROCEDURE**

**6.** Following the awarding decision, the EAHC invites the beneficiaries selected to enter into the **NEGOTIATION phase** and signs with them the Grant agreements and service contracts

**7.** The EAHC is responsible for the **FINANCIAL MANAGEMENT** and **MONITORING** of projects, conferences, joint actions, operating grants and contract services

**8.** The EAHC is also empowered to **organise technical meetings, seminars and conferences** for DG Health and Consumers

**9.** The EAHC manages the **DISSEMINATION** of the projects' results.

**12.** The EAHC may also be asked by the Commission to **contribute to the evaluation of the impact generated by the Programme**

## 1. CONTEXT OF THE ASSIGNMENTS

The two evaluations in question should be consistent with the European Commission's policy on evaluation<sup>2</sup>.

- The evaluations should be conducted in such a way that the results are supported by evidence and rigorous analysis;
- All parties involved in evaluation activities should observe the principles and rules regarding conflict of interest;
- The evaluations should comply with the quality criteria and with the state of the art in the field;
- The evaluations should be conducted in such a way that the results can be used to improve policy decision-making and thus enhance future action.

**Type:** Task 1: The Public Health Programme evaluation will be undertaken as an ex-post evaluation  
Task 2: The Public Health Executive Agency evaluation will be undertaken as a mid-term evaluation

**Duration:** The contracting period will be 12 months from the signature of the contract by both parties. The contract may be extended for an additional 6 months to cover issues concerning the dissemination of the evaluation results. The evaluation is scheduled to start at the beginning of September 2009 and to be completed by the end of July 2010 at the latest.

**Budget:** For indicative purposes, the maximum budget of the evaluations is considered to be in the order of 310.000 Euro.

**Evaluation team:**

For each of the tasks, the evaluation is to be carried out by a team with advanced knowledge and experience in at least the following fields:  
For Task 1: implementation of EU programmes and public health  
For Task 2: Cost Benefit Analysis and EU/National Agencies' functioning.  
It is estimated that for each of the tasks, category I experts are not expected to be involved in more than 15% of the total number of working days.  
Consultants should also possess requisite training and experience in evaluation methods. Contractors must propose a team with the above expertise and designate an expert as team leader. For more information, refer to point 2.4.

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<sup>2</sup> Communication to the Commission of 21/02/2007 "Responding to Strategic Needs: Reinforcing the use of evaluation" (SEC (2007) 213).

# TASK 1

## EX-POST EVALUATION OF THE PUBLIC HEALTH PROGRAMME 2003-2008 (PHP)

### 1.1. The Public Health Programme

Article 152 of the Treaty establishing the European Community states that a high level of human health protection shall be ensured in the definition and implementation of all Community policies and activities. The Community is required to play an active role by complementing national policies to improve public health, prevent human illness and diseases, and obviate sources of danger to human health.

The Public Health Programme (PHP) 2003-2008 aimed to address concerns about health risks and provide coherent and coordinated assistance to the Member States for a high level of health protection throughout the EU. Health related activities in the EU must have a high level of visibility and transparency and allow all stakeholders to be consulted and participate in order to promote better knowledge and communication flows. This enables greater involvement of individuals in decisions that concern their health by providing them with simple, clear and scientifically sound information about measures to protect health and prevent diseases in order to improve the quality of life.

The PHP integrated the previous eight separate health actions on different public health topics<sup>3</sup> into a coherent framework.

#### 1.1.1. General objectives

The three main objectives, as set out in the legal basis of the PHP, Decision N° 1786/2002/EC of the European Parliament and of the Council of 23 September 2002 (*Official Journal L 271/1 of 9.10.2002.p. 1*) are as follows:

- Improve information and knowledge for the development of public health,
- Enhance the capability of responding rapidly and in a coordinated fashion to threats to health,
- Promote health and prevent disease through addressing health determinants across all policies and activities

The Programme strived to improve public health and make it more efficient across the EU, by ensuring a high level of human health protection in the definition and implementation of all Community policies and activities and tackling inequalities in health. It seek to set up a high level of sustained cooperation and coordination between and with Member States' health

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<sup>3</sup> [http://ec.europa.eu/health/ph\\_programme/previous\\_programme\\_en.htm](http://ec.europa.eu/health/ph_programme/previous_programme_en.htm)

authorities. Cooperation between Member States is a requirement for successfully enhancing the effectiveness of public health networks across the EU.

### 1.1.2. From general to specific objectives

The three main objectives of the PHP translate into three strands of activity:

<i>Health information:</i>	To improve information and knowledge for the development of public health;
<i>Health Threats:</i>	To enhance the capability of responding rapidly and in a coordinated fashion to health threats;
<i>Health Determinants:</i>	To promote health and prevent disease through addressing health determinants across all policies and activities.

These strands seek to create sustainable mechanisms to enable the Member States to coordinate their health-related activities and to tackle inequalities in health. They strive to improve public health by preventing human diseases and disorders, and to obviate sources of danger to health. This is done through preventive measures, education and information, health promotion and health systems.

More specifically:

- The objective of the **health information** strand is to establish a sustainable EU-wide system for comparable data and information on health and health-related behaviour as well as on diseases and health systems to support health policy development and implementation. This should be based on commonly agreed European-wide indicators. The system is being developed on the basis of previous work in former Community health programmes. It should complement the activities of the Community Statistical Programme and work underway in Community agencies and international organisations such as the WHO and the OECD. It provides regular reporting on health in general and generates a flow of information, analysis and exchange of best practice in the public health field at European level. (*Article 3, paragraph 2, points (d) and (e) of the Programme Decision*)

- The strand for **health threats** addresses infectious diseases that threaten the health of EU citizens. It seeks to prevent the transmission of emerging pathogens and the resurgence of others, as well as enhancing a rapid and coordinated response to these threats. Epidemiological surveillance of communicable diseases seeks to bring about interventions that contribute to the reduction of morbidity and/or mortality. Strict quality and safety criteria for handling blood and substances of human origin constitute an important measure. Health threats from chemical, biological and radio-nuclear sources, including terrorist acts and environmental agents can be countered by early warning and rapid response systems, and by vaccination and immunisation strategies. (*Article 3, paragraph 2, point (a) of the Programme Decision*)

- Tackling major **health determinants** is crucial to reducing the burden of disease and promoting public health. Actions and networks for gathering, providing and exchanging information in order to assess and develop policies, strategies and measures, with the purpose of establishing effective interventions tackling the determinants of health, are encouraged and supported. Member States' efforts in this field are promoted, e.g. by way of innovative projects which provide examples of effective practice. Socio-economic factors and life cycle approaches are considered in all actions aimed at tackling lifestyle-related health determinants. (*Article 3, paragraph 2 point (b) of the Programme Decision*)

All three strands seek, also, to contribute to developing Community legislative instruments in the field of public health, impact assessment of legislation, and coordination between the Community and its Member States in forums where health-related matters are discussed (*Article 3 paragraph 2, point (c) of the Programme Decision*).

The programme participates in joint strategies and actions with other relevant EU programmes and actions to incorporate health aspects and ensure that it is underpinned by policy (*Article 4 of the Programme Decision*).

The operational objectives of the Programme are formulated as actions and support measures described in the Annex of Decision N° 1786/2002/EC.

### **1.1.3. Implementation of the Programme**

The Programme was allocated a budget of 284 M€. The Programme has been implemented through an operational budget of 260 M€, by call for proposals (90% of the operational budget), call for tenders for service contracts and direct grant agreements (10% of the operational budget). Administrative support measures and design of EU Community legislative instruments for health were financed by the Programme's Administrative budget of 24 M€ by means of technical assistance service contracts, reimbursement of experts for their participation in meetings and conferences etc. Detailed information is available in the Annual Activity reports for the implementation of the Programme for years 2003-2004, 2005, 2006 and 2007.

The calls for proposals were based on the priority areas described in the annual work plans for the Public health programme. Following a call for proposals, grant agreements were signed with successful candidates representing groups of partners from the Member States for projects with a life-span of two-three years. This instrument has the advantage of encouraging and supporting Members States' activities with the widest possible EU coverage in specific health areas. The widest possible cooperation was clearly underlined in the Programme decision on actions requiring implementation through local and regional authorities and non-governmental organisations.

Calls for tenders were used to address specific needs more effectively and to concentrate work on specific problems and methods with shorter timetables (1 year mostly) and where the results should be the property of the Commission.

The Programme was intended to support structures and projects which enhanced the capabilities of individuals, institutions, associations, organisations and bodies in the health sector. It aimed to facilitate the exchange of experience and best practice and provided a basis for a common analysis of the factors affecting public health. Expertise and experience in effective methods were expected to be gathered as a pre-requisite for implementing measures and quality criteria for promoting health with the aim to be incorporated in a transparent EU knowledge base.

The Programme set out to increase cooperation with international bodies such as the WHO, the World Bank, the OECD, the Council of Europe and the European Observatory on Health Systems and Policies. Direct grant agreements were negotiated for the first time in 2005 with the WHO and the OECD, and the experience was renewed in 2006 and 2007, on specific health issues on which the signing parties had jointly agreed to investigate and make progress.

The Programme also set out to contribute to legislative activities through preparatory work either via the abovementioned calls for proposals and for tenders or via coordination of the Member States through meetings to help shape a common EU position and discuss health-related matters.



## **1.2. Legal obligations regarding evaluation**

Article 21 of Decision N° 1786/2002/EC of the European Parliament and of the Council of 23 September 2002 (*Official Journal L 271/1 of 9.10.2002, p. 1*) sets an obligation to the European Commission to evaluate the PHP.

### *Monitoring, evaluation and dissemination of results*

*1. The Commission, in close cooperation with the Member States, shall regularly monitor, where appropriate with the help of experts, the implementation of the actions of the programme in the light of the objectives. It shall report annually to the Committee. The Commission shall transmit a copy of its main findings to the European Parliament and to the Council.*

*2. At the request of the Commission, Member States shall submit information on the implementation and the impact of this programme.*

*3. By the end of the fourth year of the programme, the Commission shall have an external assessment conducted by independent qualified experts of the implementation and achievements during the three first years of the programme. It shall also assess the impact achieved on health and the efficiency of the use of resources, as well as the consistency and complementarity with other relevant programmes, actions and initiatives implemented under other Community policies and activities. The Commission shall communicate the conclusions thereof, accompanied by its comments, to the European Parliament, the Council, the Economic and Social Committee and the Committee of the Regions. The Commission shall also submit to those institutions and bodies a final report on the implementation of the programme by the end of the year which follows the end of the programme.*

*4. The Commission shall make the results of actions undertaken and the evaluation reports publicly available.*

Furthermore, Article 21 of Commission Regulation (EC) N° 2342/2002, laying down detailed rules for the implementation rules of the Financial Regulation applicable to the general budget of the European Communities, stipulates that all programmes and activities occasioning budgetary expenditure exceeding EUR 5,000,000 are to be the subject of an interim and/or ex post evaluation of the human and financial resources allocated and the results obtained in order to verify that they were consistent with the objectives set.

## **1.3. Previous evaluations and audits**

An interim evaluation of the PHP was conducted in 2006<sup>4</sup> by an external evaluator. It drew a number of positive conclusions and also highlighted a number of areas for improvement in the further implementation of the PHP and for the development of the second Health Programme 2008-2013. An Action Plan to implement the recommendations of the Interim Evaluation was drawn up by DG SANCO in October 2007. The main results and recommendations were disseminated by way of a Communication to the EP, the Council, the European Economic and Social Committee and the Committee of the Regions on 24.7.2008, [COM (2008) 484 final]. The interim evaluation focused mainly on projects co-funded in the period 2003-2005 under annual calls for proposals, which form the main activity of the programme. As most of the projects examined were at an early stage of development at the time of the interim evaluation, the evaluators were unable to measure to what extent the objectives of the programme had been met by these projects.

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<sup>4</sup> [http://ec.europa.eu/health/ph\\_programme/2003-2008/eval2003\\_2008\\_en.htm](http://ec.europa.eu/health/ph_programme/2003-2008/eval2003_2008_en.htm)

In 2008, the Court of Auditors audited projects in the specific area of Health Promotion under the PHP. The evaluators should pay due attention to the results of this audit (report will be made available to evaluators) and the Court's conclusions and recommendations.

## **2. DESCRIPTION OF THE ASSIGNMENT**

### **2.1. Purpose and objectives of the final evaluation**

The objective of the final evaluation is to assess the effectiveness, efficiency and utility of the PHP. The impact that projects and other activities financed under the PHP have had on the improvement of public health in the Member States and the EU is also one of the main aspects of this evaluation.

The evaluation should focus on the implementation and achievements of the Programme. This will start with the drafting of the Annual Work Plans (and here process and outcomes are equally important) and their interlinking, including the degree of relevance of the specific objectives of the Programme Decision. The evaluation is expected to provide information regarding the coverage of needs and expectations at local, national and European level and on the way this has been achieved or not. The contractor will evaluate all types of projects and actions financed by the PHP and will identify the lessons to be learned from the implementation and impact of the first PHP.

The link between the projects and other actions financed under the PHP and between the operational and policy objectives described in the Annex to the Programme decision should be established, with an indication of the amounts invested in each of the objectives achieved, still ongoing or not achieved. Extensive data produced by the Executive Agency *e.g.* during the different mapping exercises of priorities versus projects, should be used.

Taking into account how the choice of financial mechanisms was made, the ways the calls for proposals and tenders were organised and disseminated, and how the evaluation for the award of the best projects was carried out, evaluators are expected to make recommendations for improving the Programme's implementing procedures.

Finally, the value of the outcomes of projects has to be assessed through the policy impact generated at national and European level, and the degree of dissemination and valorisation of the results within the scientific community and other stakeholders.

Comparability of health data and information and compatibility and interoperability of systems and networks, as described under Article 5 of the Programme decision are issues of crucial importance in measuring the generated impact.

The widest possible participation in the Programme and efforts to ensure cooperation with other EU Programmes and policies is another set of success factors to be examined.

To make a better quantitative assessment of the level of cooperation, the evaluation should incorporate linkage data available via open access software. These linkage maps could be established using open access software: <http://vlado.fmf.uni-lj.si/pub/networks/pajek/>

**In order to avoid non discriminatory output where programme features are evaluated across a board array of priorities, case studies (2 per strand and based on suggestions<sup>5</sup> from operational units) are suggested.**

Health indicators produced in the PHP (*Healthy Life Years* Indicators, *ECCHI* indicators, etc.) will be available to the evaluators as background information. This may help evaluators to link the PHP work with the policy development. These indicators depict the health situation in Europe, and thus add to the progress made on health capacity.

## **2.2. Expected results from the evaluation**

The results of the evaluation should help the Commission to:

- *report on Programme implementation to the European Parliament and the Council,*
- *better define the needs of any future Programme with more focused and more explicit objectives and success indicators,*
- *reconsider the scope for EU public health activities and the approach to EU funding,*
- *design a legacy plan to contribute to the sustainability of outcomes*
- *validate empirical definitions of networks, and information systems, etc.*

It is expected that for the above mentioned purposes, the contractor will undertake the following steps:

### *i. Intervention logic of the Programme*

Before starting the evaluation, experts are expected to present their own interpretation of the intervention logic of the Programme Decision and the Annual Work Plans. They will check whether it is consistent with the implementation of the Programme: to what extent the financed projects and other actions meet the operational and specific objectives. It is considered of particular interest to identify the driving forces in the formulation of a priority, the relationship with the policy item, its position in the policy cycle and the driving forces behind the collaborative effort of the proposed projects, the latter being crucial in terms of EU added value. The analysis of the intervention logic needs to take other EC policies and programmes into account from the point of view of competition, complementarity and added value.

### *ii. Data and information gathering*

Based on a great deal of data already available from previous work, complete information needs to be gathered on the total number of projects and actions financed through the PHP, together with their outcomes and results. The information should be structured in the form of aggregations by type of action, funding mechanism (grants, tenders, direct agreements with International Organisations), type of beneficiary (public administrations, universities, health institutes, non-governmental organisations, private bodies etc), by country, amount financed and geographical coverage.

### *iii. Analysis and evaluation*

The PHP will be evaluated against the requirements set out in these specifications and the specified methodological approach proposed by the contractor and accepted by the Steering Group. Using a standard evaluation approach, replying to the evaluation questions on the

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<sup>5</sup> Items for the case studies will be made known at the kick-off meeting.

basis of factual evidence and founded analysis is considered the core activity of the evaluator. The evaluator should make a distinction between project and programme outcomes in terms of the values attached.

Evaluators should address different aspects of sustainability and realities of Programme support. Sustainability has both intrinsic conditions (for instance technically obsolete actions are not sustainable) and extrinsic components (the need for network to gain independence from EC support). However, in a growing number of policy areas, long term support for actions are a prerequisite for implementation such as those needed to provide long term building up of expertise or technical cooperation.

#### *iv. Conclusions and recommendations*

The evaluation should take account of all the conclusions and recommendations of the previous evaluation and audit, and also of the structural arrangements. It should assess the PHP and its outcomes in relation to the means available to achieve the Programme objectives. The final evaluation should make clear whether and how the outputs of projects contribute to the outcomes of EU policy, complement national health initiatives, create European added value and improve human health protection.

Evaluators are expected to provide practical recommendations based on factual data and meaningful indicators. In order to implement the recommendations effectively and improve the current Health Programme, and better design a future one, evaluators should have in mind (i) that Community is committed continuing to support Member States in their joint health activities as provided for in Article 152 of the Treaty, and (ii) the use of appropriate legislative and financial instruments should be geared to equal access to and involvement in the programme.

### **2.3. Evaluation questions**

**The following questions should be answered after analysis against appropriate judgement criteria. The contractor should propose these judgement criteria for each of the evaluation questions in his bid. The judgement criteria will be assessed when evaluating the technical quality of the bids.**

#### **RELEVANCE:**

**Q1. To what degree (both qualitative and quantitative) do actions financed under the Public Health Programme address the perceived and real needs of stakeholders?**

**Q2. To what extent do the actions financed under the PHP correspond to the Programme's specific objectives taking into account the overall programme objectives and the annual priorities?**

**Q3. What is the added value of actions financed under the PHP in comparison to those funded by other EU programmes or Member States, taking account the available financial resources of the PHP?**

**EFFECTIVENESS:**

**Q4. To what extent do the results obtained through the provision of financial support for specific projects/activities help to achieve the objectives of the Programme and what is their position and proportion in the SANCO policy cycle?**

**Q5. To what extent has the Programme contributed to the preparation, development and implementation of EU public health policy initiatives, including the preparation of legislative actions and the establishment of structured cooperation between Member States and with stakeholders?**

**Q6. Have the projects produced evidence, data or methodologies with significant value? What is their current use in the EU?**

**Q7. To what extent has the PHP helped transmit experience/best practices to and from health stakeholders?**

**Q8. To what extent has knowledge generated by the PHP been disseminated and how?**

**Q9. Are the different financial instruments used effectively to achieve the objectives of the Programme in the most cost-effective way? If no, why not?**

**Q10. Are the Programme objectives and available resources in balance with the number of priorities in the AWP in view of a reasonable number of meaningful projects? If not, what difficulties does it pose?**

**CONSISTENCY/COMPLEMENTARITY:**

**Q11. To what extent is consistency and complementarity ensured between actions implemented under the Programme and other EU policies and activities, and with actions implemented at national or international level? Please draft a *matrix based on case studies* as well as with corresponding MS activities**

**SUPPORT/INVOLVEMENT:**

**Q12. To what extent are stakeholders familiar with EU public health policy in general and the way the Programme supports this policy?**

**Q13. To what extent do differences (*e.g.* socio-economic, cultural, etc) between Member States create barriers to access to/ involvement in the PHP?**

**Q14. How are the needs of the different Member States translated in terms of a) priorities? and b) involvement in projects?**

## MONITORING:

**Q15. Does the current monitoring system<sup>6</sup> deliver the information needed to support sound implementation of the Programme?**

## SUSTAINABILITY<sup>7</sup>:

**Q16. To what extent are Programme tools appropriate to ensure sustainability (in terms of both the sustaining impact and the source of funding)?**

**Q17. How can the Programme be brought to support projects in areas where a defined policy interest for a longer life cycle than the normal three years exists? In this case what is the kind of elements/mechanisms that projects should reasonably comprehend to ensure sustainability in terms of impact (or sustainable impact)?**

## ***2.4. Organisational framework and methodology***

The evaluation will be organised through a specific framework contract with the Directorate-General for Health and Consumers. As part of the bid, the contractor should identify the team of evaluators to be involved, describe their skills and qualifications, quantify the input of each member of the team in terms of days and explain the distribution of tasks between the different evaluators. The team must have the capacity to work in the different fields and languages needed.

The Commission envisage submitting the draft final evaluation report for an external peer review assessment.

Methods and tools should be proposed in the bid and further developed in the inception report. The contractor may propose methods and tools that are considered appropriate to answer the evaluation questions, suggest benchmarks and define suitable indicators. The final version of the questions and indicators must be submitted to the Steering Group for its consent.

The full list of projects co-financed in the period 2003-2007 can be found on the website of DG SANCO<sup>8</sup> and in the EAHC database of projects<sup>9</sup>). At this stage the major part of the Public Health Programme has produced its final outcomes.

Information concerning other activities under the Public Health Programme and related to EU legislation is also available on the same website.

Data shall be gathered from primary and secondary sources. The collection of primary data is of major importance. The contractor should use interviews, focus groups, and case studies. **Two case studies per strand are recommended. Contractors will be informed of the subject of these case studies at the kick-off meeting.** Access to data and information will be

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<sup>6</sup> Refer to Article 21 (1) of Programme Decision N° 1786/2002/EC

<sup>7</sup> Evaluations questions 16 and 17 should not be addressed only by interviews but also by comparative assessments of the issues in similar programmes and actions in the EU and internationally.

<sup>8</sup> [http://ec.europa.eu/health/ph\\_projects/project\\_en.htm](http://ec.europa.eu/health/ph_projects/project_en.htm)

<sup>9</sup> <http://ec.europa.eu/eahc/projects/database.html>

given to the contractor. A wide representation of key stakeholders, such as other institutions (European Parliament, Council), competent national authorities, international institutions and partners, and relevant interest groups (association of patients, NGOs, professional bodies and learned societies at EU level, etc.) must be covered. A non-exhaustive and non-mandatory list of key stakeholders will be provided to the contractor. The contractor should refrain from identifying stakeholders as clients only.

Contractors can propose other tools for data collection and analysis as they see fit, including desk research, questionnaires, workshops, bibliometrics, focus group interviews, concept mapping, Delphi methods etc. The use of freely available bibliometrics and linkage software is recommended.

The assessment will be based mostly on qualitative analysis of data and be structured and transparent in line with the principle of triangulation.

The evaluation method, the case studies selected and the stakeholders to be consulted will be formally agreed upon with the Commission during the inception phase.

## **2.5. Reporting and deliverables**

The evaluators will deliver the following reports at key stages of the evaluation process: inception report, interim progress report, draft final report and final report. Each report should be written in English, and critically assessed as it provides the basis for tracking the quality of the work done by the evaluator. In addition to the three meetings with the Health Interservice Group in Brussels, the contractor will participate in another four specific meetings with the Steering Group to present and discuss the progress of the evaluation work after the inception report, the interim report and the draft final report. These meetings (total of seven in number) will be held in Luxembourg or Brussels. The contractor is requested to take notes at the meetings and to submit them to the Steering Group for adoption the week following the meeting.

### *Kick-off meeting*

Prior to embarking on the structuring phase of the evaluation, members of the evaluation team of the contractor will participate in a kick-off meeting with the Steering Group. The purpose of this meeting is to verify:

- the team's understanding of the Terms of Reference
- the proposed general approach to the work (methodology, scope, etc.)
- the composition of the full evaluation team.

### *Inception report – within 1 month of the signature of the contract*

The final version of questions and indicators must be submitted to the Steering Group. The inception note completes the structuring phase of the evaluation. It should set out in detail how the proposed methodology will be implemented, and in particular how the method allows each evaluation question to be answered, will present the indicators to be used, and will provide a judgement. This document will provide an opportunity to make a final check on the feasibility of the method proposed and the extent to which it corresponds with the terms of reference.

### *Intermediate report – 3 months after the inception report*

This report will provide information on the initial analysis of data collected. The evaluator should already be in a position to provide preliminary findings and/or answers to the evaluation questions. The report will provide the evaluation manager and the Steering Group with an opportunity to check whether the evaluation is on track and whether the evaluation has focused on the specified information needs.

### *Draft final report – 3 months after the interim report*

This document will provide the conclusions of the evaluator in respect of the evaluation questions in the terms of reference. These will be based on evidence generated through the evaluation. Any judgements provided should be clear and explicit. The draft final report may also contain explanatory recommendations made on the basis of the conclusions reached by the evaluator. The draft final report should be structured along the lines of common Evaluation Standards and include an executive summary (factual data concerning the implementation of the Programme and synthesis of analyses and conclusions), the main report (presenting the results of the analyses in full, conclusions and recommendations) and technical annexes.

### *Final report – to be submitted 1 month after communication of comments made by the SG on the draft final report.*

The final report will take account of the results of the comments and discussions with the Steering Group regarding the draft final report insofar as they do not interfere with the autonomy of the evaluators in respect to their conclusions.

The final report should be prefaced by an executive summary (covering the main findings and recommendations) of no more than 5-6 pages.

It is essential that the reports be clear, unambiguous and comprehensive. They should also be understandable for the non-specialists. The contractor should provide the final report in both MS-Word and Adobe Acrobat (PDF). The contractor should also provide a PowerPoint presentation of key aspects and findings of the study, together with speaking notes. At the request of the Commission, the contractor should provide a maximum of three presentations to interested stakeholders groups. The copyright of the reports remains with the Commission.

## **2.4. Timetable of the evaluation exercise**

- ***August 2009*** : Evaluation of bids made by the three contractors of the Framework contract on the basis of the current Terms of Reference
- ***End August/Beginning of September 2009***: Signature of the specific contract
- ***Mid-September 2009***: Kick-off meeting
- ***Mid-October 2009***: Inception report describing the proposed methodology
- ***Beginning of November 2009***: Meeting with the contractor and the Steering Committee (*closing of the structuring phase*)
- ***By end of January 2010***: Interim report detailing the progress of the evaluation work
- ***Mid-February 2010***: Meeting with the contractor and the Steering Committee on the interim report



- **May 2010:** Draft Final Report from the contractor for consideration by the Steering Committee
- **June 2010:** Meeting with the Contractor and the Steering Committee (*closing of the evaluating phase*)
- **July 2010:** Final report (*opening of the dissemination phase*)
- **July-September 2010:** Presentation of the evaluation results to interested stakeholders at the request of the Commission
- **By October 2010 :** Action plan agreed
- **December 2010:** Communication of the evaluation results to the European Parliament and the Council, for adoption (*closing of the dissemination phase*)

It is foreseen that the meetings for Task 1 and 2 are combined.

The last two steps (in October and December 2010) are the culmination of the evaluation exercise for which Commission has entire responsibility. They are included in the timetable to allow the contractor to incorporate his work in a broader context.

## TASK 2

# FIRST INTERIM EVALUATION OF THE PUBLIC HEALTH EXECUTIVE AGENCY (PHEA), (EXECUTIVE AGENCY FOR HEALTH AND CONSUMERS (EAHC) SINCE JULY 2008)

### 1. BACKGROUND

Council Regulation N° 58/2003 of 19 December 2002 laid down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes on behalf of the Commission and under its responsibility. Article 25 of the said Decision stipulates the requirements regarding the evaluation of executive agencies:

- 1. An external evaluation report on the first three years of operation of each executive agency shall be drawn up by the Commission and submitted to the steering committee of the executive agency, to the European Parliament, to the Council and to the Court of Auditors. It shall include a cost-benefit analysis as referred to in Article 3(1).*
- 2. The evaluation shall subsequently be repeated every three years under the same conditions.*
- 3. Further to the evaluation reports, the executive agency and the Commission shall take all appropriate steps to resolve any problems identified.*
- 4. If, further to an evaluation, the Commission finds that the very existence of an executive agency is no longer justified with a view to sound financial management, the Commission shall decide to wind up that agency.*

The Public Health Executive Agency was established by Commission Decision N° 858/2004/EC of 15 December 2004 for the management of Community action in the field of public health under the supervision of the parent DG, DG SANCO. Its mission and scope were extended until 2015 by Commission Decision N° 544/2008/EC of 20 June 2008, whereby the Executive Agency for Public Health Programme (PHEA) was transformed into Executive Agency for Health and Consumers (EAHC) responsible for the management of the second public health programme 2008 – 2013 and implementation of the Consumers and Better training for food safety Programmes. The Agency's Director was appointed in January 2006 and took over responsibilities for publishing the posts and recruiting the appropriate staff. The Agency became operational in spring 2006 with the launch of the 2006 call for proposals. However, financial transactions continue being managed by the parent DG. The Agency reached full autonomy in January 2007 after the recruitment of the Accountant officer.

The evaluation will cover three years of the Agency's operational life dealing only with the two Health Programmes from spring 2006 to the middle of 2009, the starting point being the first call for proposals launched by the Agency in spring 2006. Nevertheless the previous period 2005-2006 should be also taken into consideration.

An audit of all Executive Agencies is currently under way by the Court of Auditors. The audit is being conducted at the request of Budget Commissioner and its preliminary findings are now available.

## **2. PURPOSE AND OBJECTIVES OF THE EXTERNAL EVALUATION**

The results/recommendations from the evaluation will form the basis for any decisions regarding the existence and operation of the Executive Agency, mainly for the purposes of improving how it functions and its accountability vis-à-vis the Commission and the other European Institutions.

The evaluation will include a cost-benefit analysis (CBA) covering the elements listed below in point 5, and in particular:

- Identification of the tasks justifying outsourcing
- Costs of coordination and checks
- Impact on human resources
- Possible savings within the general budgetary framework of the European Union
- Efficiency and flexibility in the implementation of outsourced tasks
- Simplification of the procedures used
- Proximity of outsourced activities to final beneficiaries
- Visibility of the Community as promoter of the Health Programme
- Need to maintain an adequate level of know-how inside the Commission.

The final report presenting the conclusions of the evaluator should also collate and clearly present all the elements of the CBA allowing the Commission to report to the budgetary authority. When doing so, the evaluator has to take into account previous CBAs (creation of the Agency, extension or expansion of its tasks).

With reference to article 3, paragraph 2 of the framework Regulation N° 58/2003 of 19 December 2002, "*where the Commission considers that it no longer requires the services of an executive agency which it has set up, or that its existence no longer complies with the principles of sound financial management, it shall decide to wind it up*", the cost-benefit analysis should also consider closing down the agency as possible scenario, with a calculation and detailed breakdown of costs to be occurred in two specific cases:

- close-down as quickly as possible (shortest reasonable and realistic time frame)
- close-down on expiry of its current mandate in 2015.

The Contractor should provide and apply a comprehensive methodology for this purpose focusing on:

- the specific costs of a close-down, involving the costs of meeting obligations vis-à-vis contractual and temporary staff, and possibly other significant costs;
- the specific costs of ensuring continuity of programme implementation in the all-Commission option, including transfer of knowledge and files, and possible other costs.

## **3. THE EXECUTIVE AGENCY: MISSION, STRUCTURE AND RESOURCES**

Commission Decision No 1786/2002/EC and Decision No 1350/2007/EC, and the Commission Decision delegating powers to the Agency for the Public Health programme, lays down the following implementation tasks for the programme:

- managing the phases in the lifetime of specific projects, in the context of implementing the programme on public health, on the basis of Decision No 1786/2002/EC and Decision No 1350/2007/EC and of the work plan provided for in these Decisions and adopted by the Commission, and carrying out the necessary checks to that end; for monitoring and dissemination purposes, the Agency must take the necessary steps, including approaching the signatories to agreements, to create a database for projects or to continue an existing one, incorporating a project description and final results;
- adopting the instruments of budget execution for revenue and expenditure and carrying out, where the Commission has empowered it to do so, all the operations necessary for the management of the Community programme and in particular those linked to the award of contracts and grants;
- providing logistical and technical support by organising technical meetings (management of non-political working groups), seminars and conferences;
- helping to evaluate the programme's impact, in particular annual and/or mid-term evaluation of programme implementation;
- producing overall inspection and supervision data
- participating in preparatory work on financing decisions.

These tasks apply to the implementation of the annual priorities arising from the annual work programmes adopted in accordance with Article 8 (1)(a) of the programme.

The Agency's own mission statement is delivered by its Work plans 2005-2007:

*"The Executive Agency for Public Health Programme aims to deliver excellent service, underpinned by a consistently high standard of technical and financial management as well as transparency in the performance of the programme implementation tasks and activities entrusted to it by the Commission".*

The Agency is managed by a Steering Committee of five members appointed by the Commission for two years, and a Director appointed by the Commission for four years. The organisational structure of the Agency was adopted at the first meeting of the Steering Committee.

The Agency has about 40 staff to implement tasks relating to the Programme. After a gradual transfer of co-funded projects from Directorate C of DG SANCO to the Agency during 2006, the Agency took over full responsibility of the project cycle from calls for proposals to financial transactions and monitoring of the projects in 2007.

The Agency currently manages about 300 projects. A new call for proposals was launched on 26 February 2009. Under this call the Agency will manage three different financial instruments (grants for action, operating grants and joint actions). In addition, a significant number of calls for tenders under the Health Programme will be also managed by the Agency in 2009.

To carry out its tasks, the Agency receives a subsidy from the general budget of the European Union from funds allocated to the Health Programme:

<i>Budget line</i>	<i>Heading</i>	<i>Appropriations 2009</i>	<i>Appropriations 2008</i>	<i>Outturn 2007</i>
17 01 04 30	EAHC – Subsidy for Programme under Heading 3B	5.62	4.1	4.1
17 01 04 31	Executive Agency for Health and Consumers — Subsidy for programmes under Heading 2	1.1	-	-

*In millions €*

The current budget lines relating to the implementation (administrative and operational appropriations) of the Health Programme are the following:

<i>Budget lines</i>	<i>Heading</i>	<i>Payments</i>		<i>Commitm.</i>	<i>Payments</i>	<i>Commitm.</i>	<i>Payments</i>
		<i>2009</i>	<i>2008</i>	<i>2007</i>	<i>2007</i>	<i>2006</i>	<i>2006</i>
17 03 01 01	Completion of Public Health Programme (2003-2008)	35	31.4	46.94	46.44	51.69	51.64

*In millions €*

<i>Budget lines</i>	<i>Heading</i>	<i>2009</i>		<i>2008</i>	
		<i>Commitments</i>	<i>Payments</i>	<i>Commitments</i>	<i>Payments</i>
17 03 06	Community action in the field of Health	47	15	45.2	3

*In millions €*

*The financial contribution of EFTA countries is not included in the above mentioned amounts.*

Since July 2008, the EAHC also manages Community action in the field of Consumers (19.8 M€ in commitment appropriations in 2009) and better training for safer food (12.3 M€ in commitments appropriations for 2009)

#### **4. THE EVALUATION QUESTIONS**

Under article 25 of Regulation 58/2003, the evaluation should include a Cost-Benefit Analysis (CBA), as mentioned in Article 3, point 1).

##### **RELEVANCE:**

##### **Q.1: To what extent is the Agency relevant to the needs it is intended to meet?**

###### Judgement criteria linked to the aspects to be covered by the CBA

- The nature and range of tasks entrusted to the agency continue to justify outsourcing
- The operations of the Agency are in line with the Decision creating the Agency and the instrument of delegation

###### Indicative list of judgement criteria

- The Agency provides the most appropriate framework for managing the Health Programme and answering to the needs of stakeholders (Commission-parent DG) and addressees (Programme beneficiaries and others).
- The Agency has adapted to changes in the tasks entrusted to it.
- The number and qualifications of the human resources allocated to the Agency match the objectives and tasks allocated to it

###### Possible sources of information

- Instrument of delegation.
- Annual work programmes.
- Annual activity reports.
- Main stakeholders (Agency, Parent DG, in particular operational units responsible for programme implementation, and Steering Committee) e.g. through interviews.
- Customer survey.
- Commission report on activities carried out by the Agency.
- Opinions issued by the Programme Committee.

##### **Q2. To what extent does the Agency have the human resources it needs to fulfil its tasks?**

###### Indicative list of judgement criteria

- Number of projects per project officer and financial officer
- Job descriptions and distribution of tasks
- Number of financial mechanisms in comparison with the past Public Health Programme
- Staff allocated to horizontal services
- Turnover

##### **Q3. To what extent is the Agency able to recruit and retain staff of the required level in Luxembourg?**

###### Indicative list of judgement criteria

- Staff turnover

- Career development prospects
- Competitiveness of salaries
- Specific high qualification profiles

#### **EFFECTIVENESS:**

#### **Q.4: To what extent has the Agency succeeded in implementing the Public Health Programme (old and new)?**

##### Indicative list of judgement criteria

- The Agency has provided the necessary expertise in time to put the structures, processes and procedures in place implement the Programmes.
- The Agency has achieved the objectives it set in its Annual Management Plans.
- The Agency helped to increase the quality of proposals submitted (better organisation of calls, clearer communication of awarding criteria, improved application forms, more info-days, helpdesk for applicants etc.).
- The Agency has monitored financed projects more efficiently.

##### Possible sources of information

- Instrument of delegation (description of tasks, conditions and arrangements to be applied in performance of the tasks, etc.)
- Annual work programmes.
- Annual activity reports.
- Main stakeholders (agency, parent DG and Steering Committee) e.g. through interviews.

#### **Q.5: To what extent has the Agency improved processes related to the implementation of the health programmes (previous and current)?**

##### Indicative list of judgement criteria

- The Agency has given "routine" and structure to the evaluation process and negotiation phase and improved the "time to contract" period.
- The Agency communicated clear evaluation criteria for the awarding of projects and ensured effective application by external evaluators
- The Agency has shortened the payment times in line with the financial rules.
- The Agency has created a database for promoting the results of projects and provided relevant information regarding potential partners to be found for future cooperation
- The Agency has conducted mapping exercises to define areas of work on which the parent DG could focus its attention and include them in the Annual Work Plans of the Programme.
- The parent DG is satisfied with the services provided by the Agency.

##### Possible sources of information

- Instrument of delegation.
- Annual work programmes.
- Call for proposals and guidelines for applicants
- Annual activity reports.
- Main stakeholders (agency, parent DG and Steering Committee) e.g. through interviews.
- Audit reports and monitoring reports.

**Q.6: To what extent has the Agency led to an improved management of the programmes and better services to the European Institutions and other stakeholders and addressees as compared to alternative options<sup>10</sup>?**

Judgement criteria linked to the aspects to be covered by the CBA<sup>11</sup>

- The Agency provides adequate expertise and the know-how needed for managing the Programme.
- The Agency has led to improved management of the Programme in terms of timeliness, accuracy, etc.
- The tasks of Programme management are implemented according to deadlines.
- Timely and adequate responses are given to ad-hoc information/service requests.
- The Agency has provided training to the Programme's National Focal Points and sought to stimulate the interest Member States have in the health Programme (such as organisation of info days at EU level in Members States).
- The Agency has improved communication matters (Info days organised in Luxembourg and MS help-desk dedicated to potential applicants, customer satisfaction surveys, etc.) and the visibility of the Programme and the Commission.
- The Agency has created a database for promoting the results of the projects and providing relevant information regarding potential partners to be found for future cooperation.
- The Agency has conducted mapping exercises to define the main cooperation organisms/structures/NGOs.
- Stakeholders (parent DG and Agency addressees) are satisfied with the services provided by the Agency.

Possible sources of information

- Annual activity reports.
- Customer satisfaction survey.
- Minutes of the Steering Committee meetings.
- Key stakeholders (agency, DG SANCO and addressees).
- Internal reports and studies.

**Q.7: To what extent does coordination between the Agency and the Commission (including the parent DG and the relevant horizontal services and offices) work satisfactorily?**

Indicative list of judgement criteria

- Clear and appropriate (no overlaps or gaps) delimitation of responsibilities and tasks between the Agency and DG SANCO.
- Adequate flow of information and cooperation between the Agency and DG SANCO
- Appropriate mechanisms and instruments put in place to ensure adequate coordination and information flows between the Agency and the Commission services.
- The Agency provides useful information for the policy process (e.g. information required for the Annual Management Plan of DG SANCO).

Possible sources of information

- Instrument of Delegation (it formalises the relationship between the Agency and

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<sup>10</sup> For the alternative options refer to the ex-ante CBA prior to the establishment and extension of EAHC.

<sup>11</sup> Art. 3(1) of Regulation 58/2003, establishes that the following aspects should be analysed: flexibility in the implementation of outsourced tasks, simplification of procedures used, proximity of outsourced activities to final beneficiaries and visibility of the Community as promoter of the programme.



DG SANCO and determines its content).

- Monitoring reports.
- Minutes of meetings between the Agency and the DG SANCO.
- Minutes of the Steering Committee meetings.
- Agency and DG SANCO staff e.g. through interviews.
- Memoranda of understanding and Service Level Agreement signed by the Agency and the Commission services and offices.

### *Cost-effectiveness and operational efficiency*

#### **Q.8: To what extent has the Agency carried out its work efficiently?**

##### Judgement criteria linked to the aspects to be covered by the CBA

- The Agency has resulted in savings to EU budget as compared to the previous situation and alternative options.
- The actual costs (including cost of coordination with and monitoring by the parent DG) of the Agency correspond to the estimates made in the CBA carried out for its creation and/or extension of the timeframe and tasks.
- The management and execution of the Programme by the Agency is cost-effective compared with alternative options, including in terms of the cost of co-ordination and checks and efficiency in the implementation of outsourced tasks.

##### Possible sources of information

- Previous CBAs (carried out for the creation of the agency, the extension of its tasks or timeframe).
- Specific Financial Statement.
- Agency budget.

#### **Q9. To what extent are the costs of the Agency (including the annual costs of coordination and monitoring) justified by the added value the Agency has created and the progress made in management and execution of the Programmes since 2005?**

##### Judgement criteria linked to the aspects to be covered by the CBA

- Improvements made to Programme implementation (see above mentioned questions 4-8 above) justify any additional cost from the Community budget

#### **Q.10: To what extent have the Agency's internal organisation and procedures been conducive to making it its efficient?**

##### Judgement criteria linked to the aspects to be covered by the CBA

- The structure and organisation of the Agency (size, organisational structure, staff composition, recruitment and training issues, staff turnover, etc) is adequate/proportionate to the work entrusted to it and to its workload.

##### Indicative list of judgement criteria

- The chain of responsibility within the Agency is clearly defined and there are appropriate management systems and procedures in place.
- The Agency complies with the principles of sound financial management.
- The organisation of the Agency ensures possible economies of scales resulting from the management of different programmes.

#### Possible sources of information

- Organisational Chart.
- Management plans.
- Minutes of the Steering Committee meetings.
- Key stakeholders (Agency and DG SANCO).

#### **UTILITY:**

#### **Q.11. To what extent has the Agency enabled the Commission to focus more on its institutional tasks?**

##### Indicative list of judgement criteria

- The creation of the Agency has enabled the Commission (within DG SANCO and across Commission DGs and Services via the central redeployment pool) to allocate staff to institutional tasks as compared to the previous situation (Commission's own management) and the alternative options<sup>12</sup>.

#### Possible sources of information

- Annual Management Plan of DG SANCO.
- Working Document IV to PDB - "3.2.4 - Individual financial statements of the executive agencies" (part: Impact of the executive agency on the Commission's human resources).
- Financial Statement of the Agency.

#### **Q.12: To what extent has the work of the Agency made it clearer for DG SANCO how to adapt the Programme and its Annual Work Plans to the needs of stakeholders and to increase visibility?**

##### Indicative list of judgement criteria

- Innovative aspects of the health Programme (new financial instruments, greater focus on priority areas, etc.)
- Simplification/rationalisation of procedures.
- Development of new cooperation channels.
- Effective communication with stakeholders.

#### Possible sources of information

- Annual Work Programmes 2008 and 2009
- Calls for proposals 2008 and 2009
- Calls for tender 2009
- Annual activity reports
- Results of mapping exercises
- Presentations made by the Agency at national info days and international workshops
- Interviews with Health Programme National Focal Points

#### **Q.13: To what extent has the Agency enabled the Commission to maintain an adequate level of know-how in relation to the programmes entrusted to the Agency? How has this been achieved?**

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<sup>12</sup> Examples of alternative options to the executive agency: management of the programme(s) by the Commission, partial management by the Commission while outsourcing some activities to the extent legally possible.

### Judgement criteria linked to the aspects to be covered by the CBA

- The monitoring and reporting arrangements in place have enabled the Commission to benefit, in the short and medium term, from the know-how created within the Agency.
- Adequate flow of information and communication between the Agency and the Commission (in particular DG SANCO but also horizontal services and offices).
- Closing down the Agency would not result in losing significant know-how in relation to the management of the programmes entrusted to the Agency.

### Possible sources of information

- Key stakeholders (Agency and parent DG).

### **Q.14: To what extent have the activities of the Agency resulted in unintended effects (both desirable and undesirable)?**

### Indicative list of judgement criteria

- No assessment criteria are proposed here because the effects in question are not intended.

### Possible sources of information

- Stakeholders (parent DG, Agency, Steering Committee, addressees of the agency)
- Minutes of the Steering Committee meetings.
- Customer satisfaction surveys.
- Annual activity reports.
- Risks management reports.

## **5. REPORTING AND DELIVERABLES**

The evaluators will deliver the following reports at key stages of the evaluation process: inception report, interim progress report, draft final report and final report. Each report should be written in English, and critically assessed, as it provides a basis for tracking the quality of the work done by the evaluator. The contractor will participate in specific meetings with the Steering Group to present and discuss the progress of the evaluation work just after the inception report, the interim report and the draft final report. Provision for four meetings to be held in Luxembourg shall be made in the offer. The contractor is requested to take notes of these meetings and submit them to the Steering Group members the week following the meeting for adoption.

### *The kick-off meeting*

Prior to embarking on the structuring phase of the evaluation, members of the contractor's evaluation team will participate in a kick-off meeting with the Steering Group. The purpose of this meeting is to verify, on the basis of the offer,:

- the team's understanding of the Terms of Reference,
- the proposed general approach to the work (methodology, scope, etc.),
- the proposed composition of the full evaluation team.

### *Inception report – within 1 month of the signature of the contract*

The final version of the questions and the indicators must be submitted to the Steering Group. This report completes the structuring phase of the evaluation. This document will set out in detail how the method proposed by the evaluator is to be implemented and in particular how

the method will enable each evaluation question to be answered, will present the indicators to be used, and will provide a judgement. This document will provide an opportunity to make a final check of the feasibility of the method proposed and the extent to which it corresponds with the information needs outlined in the terms of reference.

*Intermediate report – 3 months after the inception report*

The report will provide information on the initial analysis of data collected. The evaluator may already be in a position to provide preliminary findings and/or answers to the evaluation questions. The report will provide the evaluation manager and the Steering Group with an opportunity to check whether the evaluation is on schedule and whether the evaluation has focused on the specified information needs.

*Draft final report – 3 months after the interim report*

The document will provide a synthetic description of what has happened since the Agency was established and the conclusions of the evaluator with respect to the evaluation questions in the terms of reference. These conclusions will be clearly based on evidence generated through the evaluation. The judgements provided should be clear and explicit. The draft final report should also contain explanatory recommendations made on the basis of the conclusions reached by the evaluator. The draft final report will be structured along the lines of common Evaluation Standards and include an executive summary, the main report presenting in full the results of the analyses, conclusions and recommendations, and technical annexes.

*Final report– 1 month after the meeting on the draft final report*

The report will take account of the comments and discussions with the Steering Group on the draft final report insofar as they do not interfere with the autonomy of the evaluators in respect to their conclusions.

It is essential that the reports be clear, unambiguous, comprehensive and comprehensible to non-specialists.

The final report presenting the conclusions of the evaluator should also collate and clearly present all the elements of the CBA to allow the Commission to report to the budgetary authority. When doing so, the evaluator has to take into account previous CBAs (creation of the Agency, extension of its tasks).

The contractor will provide the final report in both MS-Word and Adobe Acrobat (PDF). The contractor will provide a PowerPoint presentation of key aspects and findings of the study, together with speaking notes. The contractor will give a maximum of three presentations to interested stakeholders groups at the request of the Commission. The copyright of the reports remains with the Commission.

## **6. THE TIME TABLE OF THE EVALUATION EXERCISE**

- ***August 2009*** : Evaluation of bids made by the three contractors of the Framework contract on the basis of the Terms of Reference
- ***End of August/Beginning of September 2009***: Signature of the specific contract
- ***Mid-September 2009***: Kick-off meeting
- ***Mid-October 2009***: Inception report describing the proposed methodology
- ***Beginning of November 2009***: Meeting with the contractor and the Steering Committee (*closing of the structuring phase*)

- **January 2010:** Interim report detailing the progress of the evaluation work
- **Mid-February 2010:** Meeting with the contractor and the Steering Committee on the interim report
- **May 2010:** Draft Final Report from the contractor for consideration by the Steering Committee
- **June 2010:** Meeting with the Contractor and the Steering Committee (*closing of the evaluation phase*)
- **July 2010:** Final report (*opening of the dissemination phase*)
- **October 2010 :** Action plan agreed
- **February 2011:** Communication of the final report to the Steering Committee of the EAHC, the European Parliament and the Council.

It is foreseen that the meetings for Task 1 and 2 are combined.

The two last steps (in October 2010 and February 2011) are the culmination of the evaluation exercise for which the Commission has the entire responsibility. They are integrated in the timetable in order to permit the contractor to incorporate his work in a broader context.

## REFERENCES

### **(i) Annexes to the Task Specifications For Task 1**

- Programme Decision N° 1786/2002/EC
- Annual Work Plans 2003, 2004, 2005, 2006, 2007
- Call for proposals 2003, 2004, 2005, 2006, 2007
- General principles and criteria for the selection and funding of actions under the Public Health Programme (for years 2005, 2006, 2007) and Rules, criteria and procedures for the selection and funding of actions under the Public Health Programme (call evaluation procedure 2003 and 2004)
- Evaluations of call for proposals for years 2006 and 2007
- Annual Activity Reports of the Programme for years 2003-2004, 2005, 2006 and 2007
- Programme Indicators (a study made in 2003 at the beginning of the PHP)
- Annual Management Plans and Unit Management Plans

- DG SANCO Annual Activity Reports for years 2003-2004, 2005, 2006, 2007
- Final Evaluation of eight Community Action Programmes on Public Health (1996-2002)
- Interim Evaluation of the Public Health Programme 2003-2008
- Audit Report of the Court of Auditors on projects of the Health Determinants strand
- Commission Decision N° 2004/858 setting up the Executive Agency for the Public Health Programme as amended by Decision 2008/544 in order to transform the "Executive Agency for the Public Health Programme" into the "Executive Agency for Health and Consumers".
- Results of a mapping exercise concerning the "Completeness of the PHP coverage by the projects selected through the yearly calls for proposals (2003 – 2007)"
- Mapping and analysis of organisations active in the field of public health (in Draft status currently)
- Dissemination strategy of the Executive Agency for the Public Health Programme, October 2007
- Survey of the Evaluation of the network of National Focal Points (NFP) for the Health Programme 2
- List of Stakeholders

## **For Task 2**

- Council Regulation (EC) N° 58/2003 of 19 December 2002
- Commission Decision 2004/858/EC of 15 December 2004 establishing the Public Health Executive Agency
- Commission Decision 2008/544/EC of 20 June 2008 transforming the Agency into the "Executive Agency for Health and Consumers" (extension of scope and mandate)
- Programme Decisions N° 1786/2002/EC (1<sup>st</sup> Public Health Programme) and N° 1350/2007/EC (2<sup>nd</sup> Health Programme)
- Annual Work Plans 2003, 2004, 2005, 2006, 2007, 2008; 2009
- Call for proposals 2003, 2004, 2005 managed by the Commission and 2006, 2007, 2008, 2009 managed by the Agency
- Evaluations of call for proposals for years 2006, 2007 and 2008.
- General principles and criteria for the selection and funding of actions under the Public Health Programme (for years 2005, 2006, 2007) and Rules, criteria and procedures for the selection and funding of actions under the Public Health Programme (call evaluation procedure 2003 and 2004)
- Annual Activity Reports of the Agency for years 2006, 2007 and 2008

- Preliminary findings of an audit conducted by the Court of Auditors on EU Executive Agencies
- List of Stakeholders

**(ii) Other existing documentation/data and how to access it**

**For Task 1**

- Interim and final reports of the co-funded projects during the period 2003-2007 (*see the Database of EAHC on Projects and the Website of DG SANCO*)
- Ex-post evaluations of co-funded projects regarding change of behaviour
- EU Health Strategy (*see EU Health Portal*)
- Conclusions of the EPSCO council in connection with the results of the Public Health Programme  
(*the above list is not exhaustive*)

**For Task 2**

- Report of a cost-effectiveness assessment on externalisation arrangements for the Public Health Action Programme
- Cost-effective analysis for the extension of the Agency's scope and mandate
- Court of Auditors report on Executive Agencies , and more particularly annex IV focused on EAHC
- Survey of the Evaluation of the network of National Focal Points (NFP) for the Health Programme 2
- Results of a mapping exercise concerning the "Completeness of the PHP coverage by the projects selected through the yearly calls for proposals (2003 – 2007)"  
Mapping and analysis of organisations active in the field of public health (in draft status currently)

**(ii) Useful web-links**

SANCO Website:

[http://ec.europa.eu/health/ph\\_programme/2003-2008/programme\\_en.htm](http://ec.europa.eu/health/ph_programme/2003-2008/programme_en.htm)  
[http://ec.europa.eu/health/ph\\_programme/pgm2008\\_2013\\_en.htm](http://ec.europa.eu/health/ph_programme/pgm2008_2013_en.htm)

EU Health Portal:

[http://ec.europa.eu/health-eu/index\\_en.htm](http://ec.europa.eu/health-eu/index_en.htm)

Executive Agency:

<http://ec.europa.eu/eahc/projects/projects.html>

Other Executive Agencies:

[http://europa.eu/agencies/executive\\_agencies/index\\_fr.htm](http://europa.eu/agencies/executive_agencies/index_fr.htm)