



REPORT ON THE BUDGETARY AND FINANCIAL MANAGEMENT 2021

The European Health and Digital Executive Agency (HaDEA) was established on 16 February 2021 to allow for all necessary administrative preparations before its operational kick-off on 1 April 2021. HaDEA received delegation, by the Commission to manage the following EU programmes¹:

- Digital Europe programme;
- Connecting Europe Facility – Digital;
- Horizon Europe Specific Programme: Cluster 1 “Health” and Cluster 4 “Digital, Industry and Space” of Pillar II: “Global Challenges and European Industrial Competitiveness” with the exception of actions implemented by the Commission or delegated to other funding bodies;
- Parts of the SMP programme: Food chain;
- EU4Health programme.

Additionally, HaDEA was entrusted with the implementation of the legacy of the programmes, which were managed by former Executive Agencies²:

- Connecting Europe Facility Telecom (CEF) (legacy)
- Horizon 2020:
 - Part II : Industrial leadership: LEIT-ICT-NMBP-Space7
 - Part III: “Societal challenges”SC1Health demographic change and wellbeing;SC5 Climate action, resource efficiency and raw materials
- Food & feed safety, animals and plants health training measures
- The Third Health programme (2014-2020) in the area of public health
- Seventh Framework Programme (FP7)-« Space » of the Specific Programme Cooperation

¹ C_2021_948_Delegation_act_2021_2027

² INEA, EASME, REA and CHAFEA

The implementation of the Agency's administrative budget - an annual subsidy transferred by the Commission to the Agency's intercompany account - is regulated by Commission Regulation (EC) N 1653/2004 on a standard financial regulation for Executive Agencies amended by Commission regulation EC n°651/2008 of 9/07/2008.

Budgetary and Financial management

HaDEA receives its own operating budget in the form of an annual subsidy. As an autonomous EU body the revenue of the Agency comprises an annual subsidy from the European Commission as stipulated in Article 25 of the “Delegation Act”³, and additional revenue from the Next Generation EU budget (NGEU) and from participation of EFTA and Third countries to certain of the delegated programmes.

The subsidy is transferred by the Commission to the Agency in several instalments. If the budget result is positive, it shall be the subject of a recovery order issued by the Commission at the annual closure of the Agency's accounts. The amounts recovered shall be considered as general revenue.

The Director of the Agency is the Authorising Officer responsible for the implementation of the Agency's operating budget, in line with article 25 of the COMMISSION REGULATION (EC) No 1653/2004.

1. Closure of CHAFEA and take over by legal successor HaDEA

According to Commission Decision C(2021) 2050 of 24 March 2021, CHAFEA ceases to exist as of 1 April 2021 and thereafter it has to be wound up in accordance with Article 3(2) of Regulation (EC) No 58/2003 and Article 21(2) to (5) of Implementing Decision (EU) 2021/173. For the purposes of winding up CHAFEA, liquidators have been appointed under the same Commission Decision. Moreover, following Commission Implementing Decision 2021/173, art.21.3, notwithstanding Article 19(1), the European Health and Digital Executive Agency (HADEA) shall take over from CHAFEA any support activities not attached to a specific programme. The single establishment act (Commission Implementing Decision 2021/173) clearly foresees in Article 16(1) that agencies taking over legacy activities shall automatically take over “all files and legal commitments” by virtue of the act and “that agency shall be subrogated in all the respective rights and obligations”.

³ See footnote 1.

2. OVERVIEW OF THE BUDGET

(a) Initial budget, amending budgets and final budget:

	BUDGET 2021	AMENDED BUDGET N°1	AMENDED BUDGET N°2	AMENDED BUDGET N°3
Title 1				
Staff expenditure	24.913.091	21.406.764	19.866.622,78	20.092.326,85
Title 2				
Infrastructure and operating expenditure	5.078.100	4.904.000	4.745.217,05	5.226.134,50
Title 3				
Programme support expenditure	5.639.000	4.287.044	1.289.144,08	1.658.447,79
TOTAL	35.630.191	30.597.808	25.900.983,91	26.976.909,14

In 2021, first year of operations for HaDEA, the originally approved operating budget amounted to EUR 35.630 Million for the financial year 2021, as from 01 of April 2021 when the Agency became operational. The agency revenue, at that time, comprised only EU and NGEU contributions. The uncertainty linked to the level of contribution from EFTA and Third Countries for 2021 together with the COVID-19 pandemic situation and the anticipated impact on the budget, resulted in three budget amendments. The third amendment resulted in a final administrative budget of EUR 26.977 Million (including EFTA and NGEU but excluding Third Countries contributions).

The two main reasons for the third amendment were:

- to include the appropriations related to open commitments, transferred by CINEA following the Re-organisation resulting from the MFF 2021-27 and a formal Agreement between CINEA and HaDEA on the transfer of transactions linked to commitments with a RAL >0 (ToF). The increase of the operating budget was covered by additional payment appropriations on the subsidy line, via a debit note addressed by HaDEA to CINEA for the exact amount of the balance on the budgetary commitments subject to the transfer.
- Due to the closure of CHAFEA, C1 appropriations (appropriations of 2021 budget) and C8 appropriations (appropriations corresponding to carried forward commitments, were inscribed in HADEA in order to deal with the outstanding open

commitments transferred from CHAFEA).The relevant payment appropriations (subsidy) were transferred by DG SANTE/CHAFEA to HaDEA

(b) Transfer of Files (ToF) from CHAFEA and CINEA:

			Migration CHAFEA	Migration CINEA	AMENDED BUDGET N°3
Title 1 Staff expenditure			252.146,16	0,00	20.092.326,85
Chapter 11			170.644,73	0,00	18.530.325,42
		Temporary Agents	50.855,29	0,00	7.046.763,99
	1111	Temporary Agents - Remunerations	38.141,47	0,00	5.639.452,13
	1112	Temporary Agents - Allowances	12.713,82	0,00	1.407.311,85
		Contract Agents	57.036,04	0,00	10.941.304,03
	1121	Contract Agents - Remunerations	39.925,23	0,00	8.385.438,07
	1122	Contract Agents - Allowances	17.110,81	0,00	2.555.865,97
	1131	Seconded National Experts - Allowances and Charges (PM)	0,00	0,00	0,00
	1141	Support services & trainees	62.753,40	0,00	542.257,40
Chapter 12			81.501,43	0,00	1.562.001,43
	1211	Recruitment expenses		0,00	5.000,00
	1221	Individual entitlements of staff	28.944,52	0,00	550.944,52
	1231	Training	26.835,00	0,00	318.835,00
	1241	Medical Service	19.296,34	0,00	129.296,34
	1242	Mobility & social expenses for the Staff	6.425,57	0,00	542.925,57
	1251	Representation expenses, Events and Internal meetings		0,00	15.000,00
Title 2 Infrastructure and operating expenditure			454.475,36	0,00	5.226.134,50
Chapter 21			260.000,00	0,00	3.030.000,00
	2111	Rental of building and associated expenses	260.000,00	0,00	3.030.000,00
Chapter 22			94.434,53	0,00	1.779.884,25
	2211	ICT Purchases, Hard - and Softwares & Maintenances	68.998,03	0,00	499.093,95
	2212	ICT Services	25.436,50	0,00	1.280.790,30
Chapter 23			100.040,83	0,00	416.250,25
	2311	Furniture, Technical Installations and associated expenses	18.578,05	0,00	295.787,47
	2312	Office Supplies, documentation & correspondence	1.850,00	0,00	30.850,00
	2313	Charges, insurances & other operating expenses	79.612,78	0,00	89.612,78
Title 3 Programme support expenditure			350.512,21	18.791,50	1.658.447,79
Chapter 31			350.512,21	18.791,50	1.658.447,79
	3111	Experts and external meetings	0,00	0,00	177.574,08
	3112	Missions: Programme Management	1.305,79	0,00	62.905,79
	3113	External Audits	0,00	18.791,50	306.261,50
	3114	Communication, Information and Linguistic services	93.739,24	0,00	856.239,24
	3115	Seminars & specific Training	0,00	0,00	0,00
	3116	Programme related IT expenses	255.467,18	0,00	255.467,18
TOTAL Title 1, Title 2, Title 3			1.057.133,73	18.791,50	26.976.909,14

3. BUDGET IMPLEMENTATION (OPERATING)

(1) Commitment Appropriations

HaDEA implemented 95% of its commitment appropriations (EUR 25.500 Million), during the concerned period (1/4/2021-31/12/2021). It was a challenging year for HaDEA to estimate and to execute the budget in particular within the Covid 19 pandemic situation and with many uncertainties and the constant evolving context within a new entity.

Commitment Appropriation (Million EUR)	Consumed Commitment appropriation (Million EUR)	%
EUR 26.977	25.500.088	95,2

(2) Payment Appropriations

For the payments executed by HaDEA under administrative budget C1 appropriations, the final implementation rate is of 75,5% (20.213 Million). HaDEA expected to have a higher execution rate. An important amount of costs booked under title 2 to cover services to be provided by OIB were not paid since OIB was not able to provide a final SLA nor a debit note on time. A few specific contracts, notably for ex post audits and experts to support the accountant as well as IT and communication contracts were signed in the last 2 quarters of the year. This means that no payments could be expected and executed during the financial year. The open commitments (RAL) of an amount of EUR 5.278 Million, have been carry forward to 2022.

Payment Appropriation C1 (Million EUR)	Consumed payment appropriation (Million EUR)	%
26.773.226	20.213.17	75,5
Payment Appropriation C8 RAL transferred from CHAFAEA (Million EUR)	Consumed payment appropriation (Million EUR)	%
203.683	160.014	78,6

4. ACCOUNTING SYSTEMS

Having concluded a Service Level Agreement with the Budget Directorate-General of the

European Commission (DG BUDG), the Agency uses the Commission hosted ABAC and SAP accounting tools. The Agency also disposes of ABAC Assets, a specific ABAC module to manage fixed assets.

To cash the operating subsidy paid by the European Commission and to execute payments, the Agency has opened an intercompany (liaison) account with European Commission. All transactions via this account are systematically made through the Commission managed ABAC, SAP and SWIFT systems⁴.

⁴ Following the SLA(ARES)2082029 24/3/2021, Appendix 4 par. 4.3.1 Treasury Services between EC and HaDEA, the treasury of HaDEA is integrated into the Commission's treasury system. All payments and receipts are processed via the Commission's treasury and registered on inter-company accounts. Because of this, HaDEA does not have any bank accounts.