REPORT ON THE BUDGETARY AND FINANCIAL MANAGEMENT 2022

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 programmes:

- 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 Agencies:

- 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

1 C_2021_948_Delegation_act_2021_2027
2 INEA, EASME, REA and CHAFEA
- Seventh Framework Programme (FP7) - « Space » of the Specific Programme Cooperation


The administrative (operating) budget of HaDEA is established and implemented in accordance with the principles of unity, budgetary accuracy, annuality, equilibrium, unit of account, universality, specification, sound financial management and transparency as set out in these Financial Regulation and Internal Rules.

**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), 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 administrative (operating) budget, in line with article 25 of the COMMISSION REGULATION (EC) No 1653/2004.

1. **Closure of CHAFEA in 2021, take over by legal successor HaDEA and carryover of unused appropriations to FY2022**

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 were appointed under the same Commission Decision. Moreover, following Commission Implementing Decision 2021/173, Article 21(3), notwithstanding Article 19(1), the European Health and Digital Executive Agency

\(^3\) see footnote 1
(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”.

As a result of the above mentioned transfer of legal and financial obligations from CHAFEA to HaDEA, the outstanding amount of EUR 108 515.17 corresponding to 2021 commitment appropriations were carried over to the financial year 2022. By the end of 2022 the unspent amount corresponding EUR 97 864.57, was cancelled since no more payments against CHAFEA appropriations were executed.

1. **OVERVIEW OF THE BUDGET**

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

<table>
<thead>
<tr>
<th></th>
<th>BUDGET 2022</th>
<th>AMENDED BUDGET N°1</th>
<th>AMENDED BUDGET N°2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Title 1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff expenditure</td>
<td>36 562 909.74</td>
<td>35 916 005.00</td>
<td>34 463 176.00</td>
</tr>
<tr>
<td><strong>Title 2</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure and operating expenditure</td>
<td>6 284 000.00</td>
<td>5 906 000.00</td>
<td>5 680 680.00</td>
</tr>
<tr>
<td><strong>Title 3</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Programme support expenditure</td>
<td>2 603 047.25</td>
<td>2 332 968.00</td>
<td>1 869 100.00</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>45 449 956.99</td>
<td>44 154 973.00</td>
<td>42 012 956.00</td>
</tr>
</tbody>
</table>

For the financial year 2022, the second year of operations for HaDEA, the originally approved operating budget amounted to EUR 45.45 million. The agency revenue, comprised only EU, EFTA and NGEU contributions. During the financial year 2022, HaDEA requested two amendments to the administrative budget in order to adjust the budget estimations to the actual needs. The first amendment was approved by the steering committee of 24 June 2022 and resulted in a reduction of 2.8% of initial budget due to a revision of needs based on more accurate data, in particular as regards salaries and allowances. The second amendment resulted in a final administrative budget of EUR
42.01 million, (including EU, EFTA and NGEU but excluding Third Countries contributions). The main reasons for the second amendment were related to the final optimization of the operating budget as regards the planned activities until end of the year. Some items of expenditure such as costs related to communication activities, missions of staff, experts and external meetings, have been lowered also taking into account the Commission request (4) to reduce the greenhouse gas emissions.

In addition to the budget amendments HaDEA had to implement two budget transfers:

Transfer 1 was approved by the Agency’s Director on 22 November 2022 and it concerned transfer between articles in chapters 22 and 23. Transfer 2 was approved on 2 December 2022 and it concerned transfer between articles under chapter 11.

These budget transfers concerned minor adjustments between articles within chapters and were approved by the HaDEA Director in accordance with Steering Committee pre-authorisation given in the first meeting of the FY2022 that took place on the 14 January 2022.

The purpose of the ex-ante agreement by the steering committee to budget transfers, is to reduce the number of consultations of the steering committee and to optimise the implementation of the administrative budget.

Following a budget transfer, the total amount of the administrative budget and the amount of each chapter is not modified, justifying why a budget amendment is not requested.

The HaDEA’s Director informed the Steering Committee of the two budget transfers during the last meeting that took place on 14 December 2022.

It is to be noted that the international context, with the war in Ukraine, the high inflation rate and the rapidly rising energy costs, have challenged the initial estimations of the HaDEA operating budget, nevertheless the final budget was adjusted to the needs of the financial year and the carry over amount of outstanding appropriations, reduced to the necessary amounts needed to honour the legal obligations entered into in the final year.

2. **Administrative (Operating) Budget Implementation**

   (1) **Commitment Appropriations**

HaDEA implemented 99% of its commitment appropriations (EUR 42.01 million), during the financial year 2022. It was a significant improvement compared to the first year of operations. This result was achieved although HaDEA had to cope with a number of challenges, in particular regarding staff expenditure (title 1) and housing (title 2), these titles being highly impacted by the war in Ukraine and the rise of inflation rate, with direct impact on salaries, and of energy costs, with impact in building associated expenses. Nevertheless, and despite the impact of these elements, the results achieved are in line with a sound financial management of the operating

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(4) [People first – Greening the European Commission (europa.eu)](https://europa.eu)
For the payments executed by HaDEA under administrative budget C1 appropriations, the final implementation rate is of 93% (EUR 39.01 million). HaDEA achieved a quite high execution rate, in particular when compared to the first year of operations where only 75.5% of payment appropriations were implemented in the year. The open (outstanding) commitments of an amount of EUR 2.42 million, have been carried forward to 2023.

### Payment Appropriations

<table>
<thead>
<tr>
<th>Payment Appropriation C1 (Million EUR)</th>
<th>Consumed payment appropriation (Million EUR)</th>
<th>%</th>
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</thead>
<tbody>
<tr>
<td>42.01</td>
<td>39.01</td>
<td>93</td>
</tr>
<tr>
<td>Payment Appropriation C8 (Million EUR)</td>
<td>Consumed payment appropriation (Million EUR)</td>
<td>%</td>
</tr>
<tr>
<td>5.29</td>
<td>4.30</td>
<td>81</td>
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### ACCOUNTING SYSTEMS

Having concluded a Service Level Agreement with the Directorate-General for Budget in 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 the European Commission. All transactions via this account are systematically made through the Commission-managed ABAC, SAP and SWIFT systems.

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5 Following the SLA (ARES)2082029 24 March 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.