



# Delegation of EU programmes to executive agencies for 2021-2027

1 February 2021

# Introduction: significant benefits in delegating to EAs

In brief, executive agencies (EAs) are:

- Separate legal entities created by the Commission to **implement programmes** (prepare calls, manage grant agreements, ...) as defined in Regulation 58/2003. Policy tasks cannot be delegated.
- Temporary bodies (**mandate limited** to the duration of programmes)

Why use EAs?

- **Significant savings** compared to implementation by Commission due to
  - Higher staff costs in Commission
  - Specialisation of EAs, which are dedicated to programme management
- Benefits confirmed by previous cost-benefit analyses, triennial evaluation and JRC study

**Legal obligation to perform a cost-benefit analysis** before any delegation of programme

# 2020 situation: reflect H2020 structure, new priorities not visible and significant discrepancies in size

| Education, Audiovisual and Culture Executive Agency - EACEA | European Research Council Executive Agency - ERCEA     | Research Executive Agency - REA  | Innovation and Networks Executive Agency – INEA              | Executive Agency for Small and Medium-sized Enterprises - EASME              | Consumers, Health, Agriculture and Food Executive Agency - CHAFAEA |
|---|--|--|--|--|--|
| Erasmus +   | Pillar 1: Excellent Science: European Research Council | Pillar 1, Excellent Science: Marie Skłodowska-Curie Actions  | CEF Transport (incl. cohesion and military mobility)         | Societal Challenge 5: Climate action, resource efficiency and raw materials. | Consumer Programme   |
|   |  | Pillar 1: Excellent Science: Future and Emerging Technologies  |  | Societal Challenges 3 Secure, clean and efficient energy**                   | Food and Feed: Better Training for Safer Food                      |
| Creative Europe   |  | Societal Challenge 2: Food Security, sustainable agriculture, marine and maritime research and bio-economy | CEF Energy   | Pillar 2, Industrial Leadership/ Societal Challenges                         | Public Health Programme (ESF)                                      |
| Solidarity Corps  |  |  | CEF ICT  | Enhanced EIC Pilot: Fast Track to Innovation                                 | Agricultural promotion measures                                    |
| Europe for Citizens   |  | Industrial Leadership: Leadership in enabling and industrial technologies (LEIT) - Space                   | Societal Challenge 3: Secure, clean and efficient energy     | LIFE Environment   |  |
|   |  |  | Societal Challenge 4: Smart, green and integrated transport. | LIFE Climate Action  |  |
|   |  | Societal Challenge 6: Inclusive, innovative and reflective societies                                       |  | Programme for competitiveness of enterprises and SMEs (COSME)                |  |
|   |  | Societal Challenge 7: Protecting freedom and security of Europe and its citizens                           | H2020: Clean Energy Transition                               |  |  |
|   |  |  | Innovation Fund (started in 2020)                            | European Maritime and Fisheries Fund: Integrated Maritime Projects           |  |
|   |  | Part IV : Spreading excellence and widening participation  |  |  |  |
|   | Part V: Science with and for society                   |  |  |  |  |
|   | Common administrative and logistical support service   |  |  |  |  |

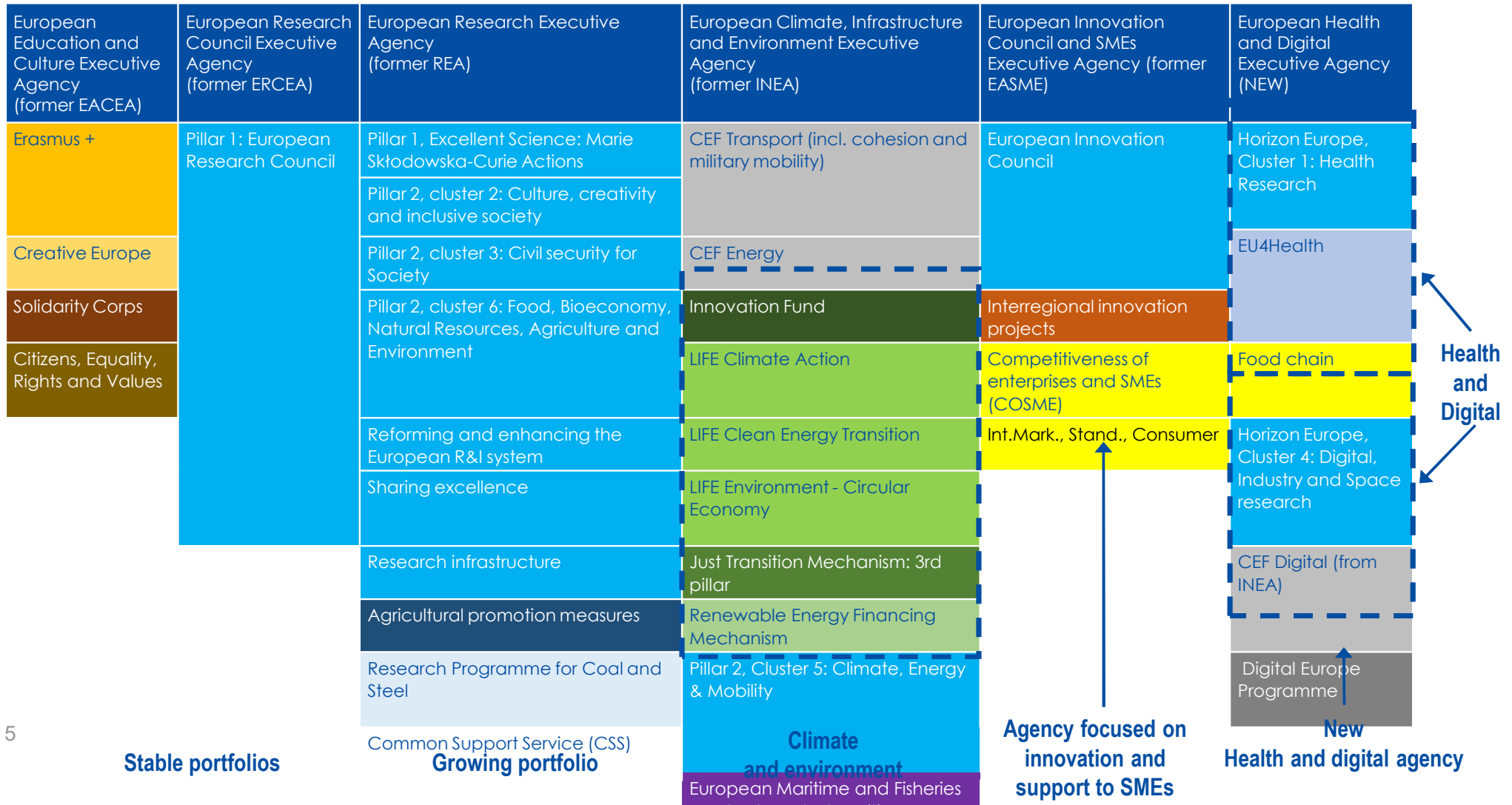
(Table 2 of cost-benefit analysis)

# New allocation of programmes: criteria

- New allocation is based on qualitative criteria identified following extensive consultations, past evaluations and reports of JRC
  - **Thematic consistency:** Green Deal, Health, Digital, support for innovation/SMEs
  - **Grouping:** one strand of programme in one agency e.g. European Innovation Council now in one agency
  - **Size:** sufficient size of agency to ensure productivity increases
  - **Stability:** reducing disruption to programme implementation by limiting staff movements
  - **Streamline governance:** improved links with delegating DGs (by limiting number of DGs)

# Proposed allocation of programmes

(Table 9 of cost-benefit analysis)



Stable portfolios

Growing portfolio

Climate and environment

Agency focused on innovation and support to SMEs

New Health and digital agency

Health and Digital



# CHAFEA: no effective/efficient options to restructure

## SEVERAL RESTRUCTURING OPTIONS

### CONSIDERED

- Build a “Health Pole”: HE Health Research + EU4 Health
- Build a “Digital Pole”: Digital Europe
- Location of agency dedicated to European Innovation Council

## MAIN ISSUES

- Stability: many transfers of staff to Luxembourg; limited/no continuity of programmes
- Coordination required with DGs located in Brussels
- High staff cost and high recruitment effort (difficulty to recruit contract staff at lower grades)

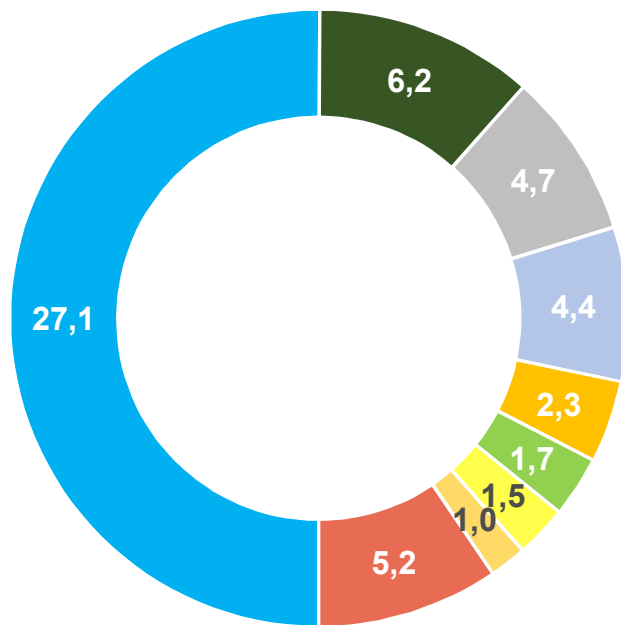
## CONCLUSION

- **Increasing Chafea to efficient size is not possible, without creating substantial disruption to staff, more complex coordination and incurring higher ongoing costs**
- Costs to close Chafea are limited (EUR 2.3 – 2.9 million), while ongoing costs are reduced (*table 18 of the cost-benefit analysis*)
- **Transfer affected staff (79) is limited:** Commission maintains commitment regarding staff presence in Luxembourg with other initiatives
- Advantage of proposal: allows economies of scale and more thematic grouping of programmes

# Increase of the budget delegated to executive agencies

- **Delegated budget increases** from EUR 75 billion to EUR 129 billion **(+72%)** in current prices
- Delegated budget increase of EUR 54 billion (current prices)

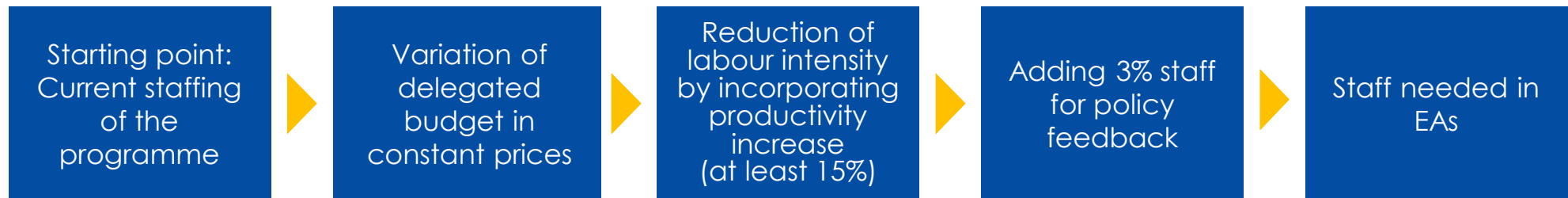
Split of the increase in delegated budget in current price (EUR billion)



| Programme               | Budget 2014-2020 | Budget 2021-2027 | Budget increase |
|-------------------------|------------------|------------------|-----------------|
| Horizon Europe          | 36,8             | 63,9             | 74%             |
| Innovation fund         | 0,0              | 6,2              | N/A             |
| CEF                     | 28,3             | 33,0             | 17%             |
| EU4Health               | 0,3              | 4,7              | 1328%           |
| Erasmus+                | 3,4              | 5,7              | 69%             |
| LIFE                    | 2,9              | 4,6              | 60%             |
| Single Market Programme | 1,0              | 2,5              | 149%            |
| Creative Europe         | 1,2              | 2,2              | 88%             |
| Other                   | 1,4              | 6,5              | 375%            |

# Determining the staff in EAs: building blocks to ensure increased productivity and feedback to DGs

- In the cost-benefit analysis the staff per (sub)programme has been determined by the following steps:



*(Figure 3 of cost-benefit analysis)*

- Significant challenge to **reduce the labour intensity** of the implementation of the programme with increasing reporting obligations



# Staff needed in EAs

**Table 12** in cost benefit analysis shows detailed input and output of cost-benefit analysis per programme and EA

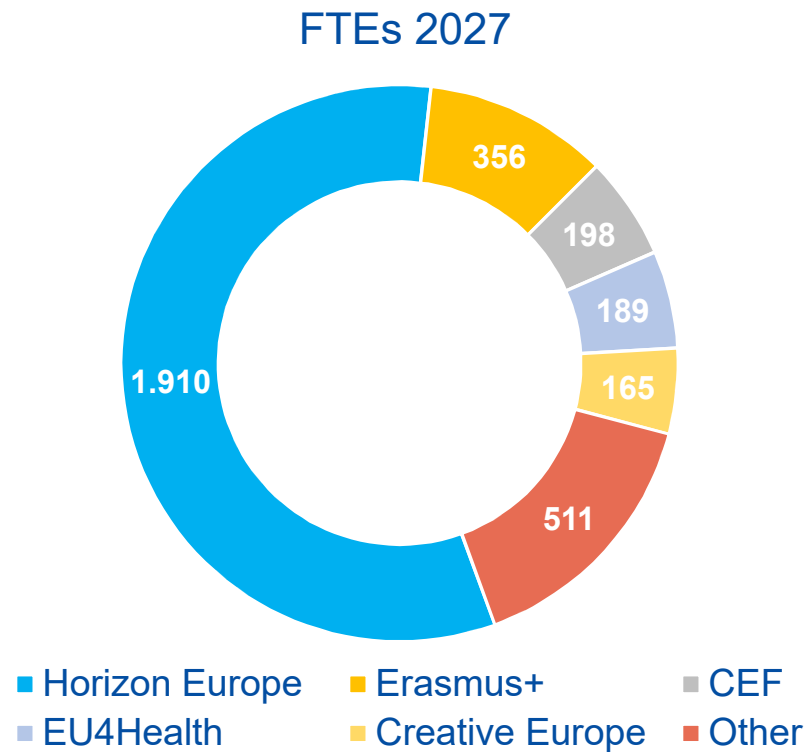
- For example, Erasmus + heading 6 activities:

- Delegated budget current price increases by 31% to EUR 1,155 billion  
 → \*0,87 for constant price = EUR 1,005 billion (increase of +14%)
- Productivity increase for Erasmus+ 15% - 3% (policy feedback) = 12% staff reduction

Net impact = staff increase of +2% (from 65 FTEs to 66 FTEs)

| OPTIMISED SCENARIO  |                                   | 2014-2020      |           |           | FTE 2020 | ... | FTE 2027 | 2021-2027      |                 |           | Delta  |       |
|---------------------|-----------------------------------|----------------|-----------|-----------|----------|-----|----------|----------------|-----------------|-----------|--------|-------|
| 2021-2027 programme | Pillar/specific part of programme | ABAC DELEGATED | Pro-forma | PROD.     | in EA    | ... | EA       | BUDGET         | BUDGET          | PROD.     | BUDGET | PROD. |
|                     |                                   | BUDGET         | BUDGET    | 2014-2020 |          |     |          | CURRENT PRICES | CONSTANT PRICES | 2021-2027 |        |       |
|                     |                                   | 2014-2020      | 2014-2020 |           |          |     |          | 2021-2027      | 2021-2027       |           |        |       |
| Erasmus+            | Heading 6 activities              | 884            | 884       | 14        | 65       | ... | 66       | 1.155          | 1.005           | 15        | +14%   | +12%  |

# Staffing EAs: Horizon Europe remains largest delegated programme



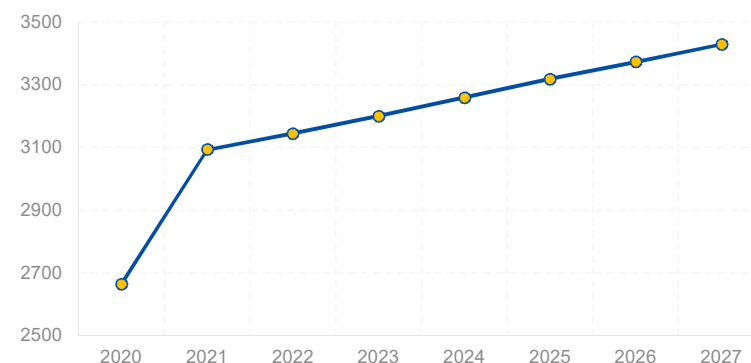
| Programmes with largest changes in staffing    | FTEs in 2027 vs 2020 |
|--|----------------------|
| Horizon Europe                                 | +254                 |
| EU4Health                                      | +154                 |
| Erasmus+                                       | +84                  |
| Other  | +186                 |
| <b>Total increase (excl. IF, REFM and JTM)</b> | <b>+678</b>          |

(Table and chart based on table 12 of cost-benefit analysis)

# Staffing EAs: sufficient size of all agencies facilitates productivity increase

- New allocation of programmes: all EAs are of sufficient size to ensure productivity increase
- Increase in staffing occurs **gradually** over the 2021-2027 period
- The staff of the Innovation Fund, the Renewable Energy Financing Mechanism and the Just Transition Mechanism 3<sup>rd</sup> Pillar account for 100 FTEs in 2027 (vs 14 FTEs in 2020 for IF)

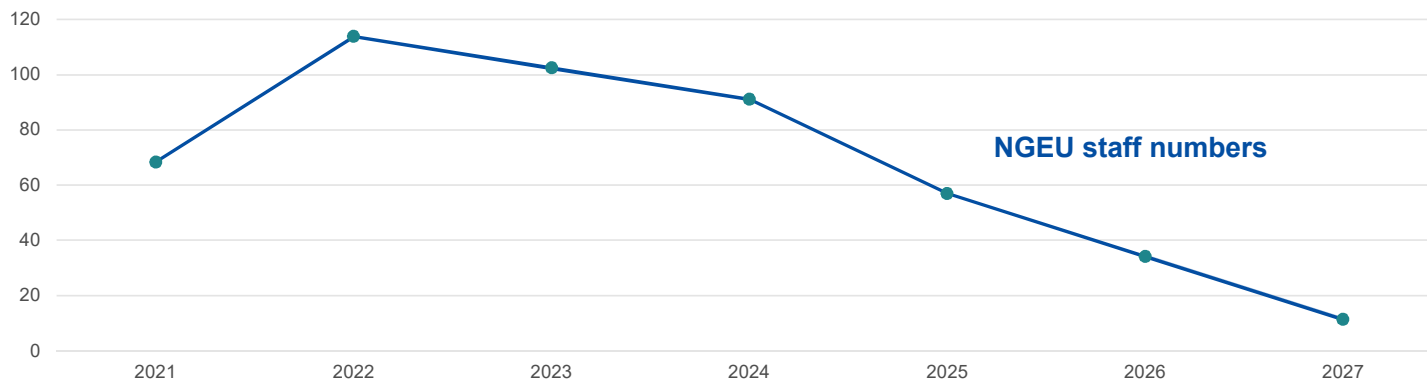
Total staff in all EAS incl. assigned revenue



| Executive Agencies  | FTEs in EAs 2020 (excl. IF, REFM, JTM) | Envisaged FTEs in EAs 2027 (excl. IF, REFM, JTM) | Envisaged FTEs in EAs 2027 (incl. IF, REFM, JTM) |
|---|--|--|--|
| CHAFEA  | 79                                     | -  | -  |
| European Education and Culture Executive Agency (former EACEA)                  | 438                                    | 613  | 613  |
| European Health and Digital Executive Agency (new)                              | -                                      | 509  | 509  |
| European Innovation Council and SMEs Executive Agency (former EASME)            | 506                                    | 340  | 340  |
| European Climate, Infrastructure and Environment Executive Agency (former INEA) | 313                                    | 481  | 581  |
| European Research Council Executive Agency (former ERCEA)                       | 529                                    | 481  | 481  |
| European Research Executive Agency (former REA)                                 | 785                                    | 904  | 904  |
| <b>TOTAL</b><br><i>(Table 3 of the information note)</i>                        | <b>2650</b>                            | <b>3329</b>                                      | <b>3429</b>                                      |

# Staffing EAs: staff necessary to implement NGEU budget is treated separately

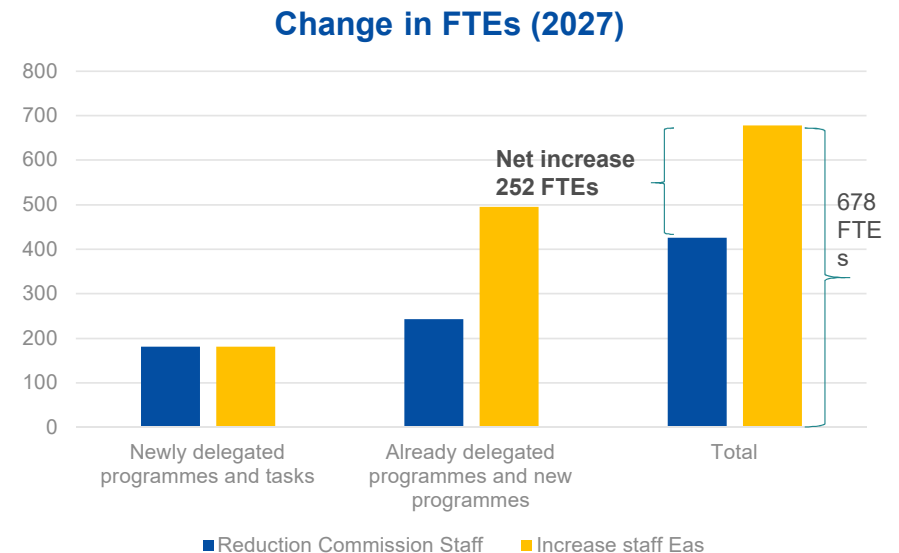
| Agency  | Programme      | Sub Programme                                    | FTEs      |            |            |           |           |           |           |
|---|----------------|--|-----------|------------|------------|-----------|-----------|-----------|-----------|
|   |                |  | 2021      | 2022       | 2023       | 2024      | 2025      | 2026      | 2027      |
| European Health and Digital Executive Agency (new)                              | Horizon Europe | Pillar 2, Cluster 1: Health research             | 13        | 21         | 19         | 17        | 11        | 6         | 2         |
|   |                | Pillar 2, Cluster 4: Digital, Industry and Space | 11        | 18         | 16         | 15        | 9         | 5         | 2         |
| European Climate, Infrastructure and Environment Executive Agency (former INEA) |                | Pillar 2, Cluster 5: Climate, Energy & Mobility  | 17        | 29         | 26         | 23        | 14        | 9         | 3         |
| European Innovation Council and SMEs Executive Agency (former EASME)            |                | European Innovation Council                      | 27        | 46         | 41         | 37        | 23        | 14        | 5         |
| <b>TOTAL</b>  |                |  | <b>68</b> | <b>114</b> | <b>102</b> | <b>91</b> | <b>57</b> | <b>34</b> | <b>11</b> |



(Table 14 of cost-benefit analysis)

# Proposed offsetting: significant staff reduction effort by the Commission without workload reduction

- The delegation package contains an increase in FTEs of 678 FTEs
- The Commission proposes **to offset the staff increase in EAs to the level of 426 FTEs leading to a net increase of staff of 252 FTEs**



# Cost comparison: substantial benefits of delegation confirmed

- The cost benefit analysis shows that **the optimised scenario is the most cost-efficient** with the highest estimated efficiency gains in the form of cost savings over the period
- **Total cost-savings of delegation** are confirmed in this analysis: **EUR 1.1 billion**
- Main drivers of savings are:
  - **Delegation vs in-house:** lower staff costs in EAs (75% contract agents vs 30% in Commission) and higher efficiency (+10%)
  - **Optimised vs status quo delegation scenario:** higher efficiency from grouping programmes into more thematically coherent portfolios and simplified governance (+5% efficiency for programmes that are ‘split’ in status quo)

|                                | Total 2021-2027<br>(million EUR) | 2027 FTE<br>(incl. supervision in<br>DG) |
|--------------------------------|----------------------------------|--|
| Optimised delegation scenario  | 2.434                            | 3.511                                    |
| Status quo delegation scenario | 2.492                            | 3.553                                    |
| In-house scenario              | 3.551                            | 3.772                                    |

*(Table 19 of cost-benefit analysis and table 2 of the information note)*



# Timeline – next steps

Delegation package sent to Committee on EAs and Budgetary Authority on **10 December 2020**

## **Setup of the executive agencies (subject to positive opinion Committee on EAs):**

- HaDEA – proposed to be established on 16 February 2021 to allow for preparatory work to be done in view of delegation to start on April 1
- Effective date of new mandates Single Establishment Act = April 1 with suspensive clause (new Union programmes are delegated subject to the adoption of the basic acts of those programmes)
- Legacy of 2014-2020 programmes will continue to be managed by existing agencies until 1 April (afterwards transferred to agency managing new mandate)

## **Budgetary implications (support lines of EAs)**

- The voted budget 2021 did not yet reflect staffing needed in EAs from reinforcement of some programmes in MFF agreement: **2021 budget will be amended to reflect the higher staffing needs** (3-4% increase in support lines EAs)
- The technical update of the financial programming will reflect increased staffing needs of EAs (consistent with the delegation package sent on 10 December)

Questions?

Thanks for your attention