



EUROPEAN COMMISSION
Impact Assessment Board

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Opinion

Title **DG SANCO - Impact Assessment on a proposal laying down general provisions for the food and feed expenditure**
(draft version of 18 October 2012) *

(A) Context

The Commission adopted an over-arching proposal for the next multiannual financial framework (MFF) on 29 June 2011, fixing high-level budget allocations and some key implementation choices. For the food and feed expenditure, the Commission reserved a budget of €2.177bn (in 2011 prices) with a strengthened emphasis on results and the plant health pests and diseases. The proposal is based on the existing, currently MFF-unrelated, expenditure in the field of eradication of animal diseases, the emergency veterinary fund and related actions such as the financing of EU reference laboratories, training programmes and vaccine banks. This report considers how to manage the proposed expenditure to secure best the EU added value.

The IAB has focused on the policy choices not yet fixed in the MFF June 2011 package.

(B) Overall assessment

The report needs to be strengthened significantly in several important respects. It should acknowledge problems related to the current allocation and management of the EU food and feed expenditure and clearly identify the existing evaluation gaps. In particular, the report should reiterate the necessity to re-allocate resources towards more efficient prevention and surveillance measures as well as plant health activities. It should also provide more insight into the deficiencies of the expenditure management, including high error rates. On this basis, the report should present a wider set of policy options that would duly reflect the identified problems, such as spending less on certain activities and alternative delivery mechanisms or control measures. It should clearly indicate how spending priorities will be set and budget allocated accordingly. The benefits of EU intervention should be presented with more caution, particularly in view of the lack of evidence on cost-effectiveness of past food and feed expenditure. In line with a more concrete set of policy objectives, the report should define progress indicators against which future performance can be measured. Finally, the different views of stakeholders on the EU food and feed expenditure should be reported, including non-beneficiaries of the financial support.

Unless considerable improvements are made to address the recommendations above, this IA report cannot be considered to provide a sufficient evidence base to support decision-making.

* Note that this opinion concerns a draft impact assessment report which may differ from the one adopted
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(C) Main recommendations for improvements

(1) Identify the existing evaluation gaps. The report should describe in detail how the existing budget is allocated and managed, for example by: (i) indicating how much is spent on activities such as prevention, surveillance, eradication or containment; (ii) giving an overview of budget allocations per Member State and their evolution over time; (iii) providing examples of less successful interventions from which lessons could be drawn as regards the performance of EU intervention across sectors, activities and Member States; (iv) clarifying the current eligibility conditions and funding rates mechanisms (in particular criteria for derogating from the default 50% rate) and their evolution over time; and (v) explaining the existing planning, monitoring, controlling and evaluation framework. The report should clarify which of the available (feasibility) studies, evaluations or audits (such as preliminary findings and other relevant reports of the Court of Auditors) provide adequate information about the cost-effectiveness of past EU food and feed expenditure and should recall their key conclusions while clearly identifying the remaining evaluation gaps.

(2) Better explain the problems. The report should more clearly spell out the need to re-prioritise and re-allocate resources between the animal and plant health areas/activities in order to better address the major risks. In particular, it should reiterate the necessity to focus on more efficient prevention and surveillance measures and to allocate additional resources to the new plant health policy as estimated in the related impact assessment. The report should also demonstrate the need for a separate food and feed emergency fund on top of the envisaged Global Agricultural Risk Management Fund and to finance training activities for third countries. The problem definition should include detailed analysis of problems and issues related to the EU expenditure management, including high error rates. Finally, the report should better describe all the direct and indirect beneficiaries of the EU support and explain how and to what extent they are affected by the identified problems.

(3) Better explain policy options and consider additional ones. The report should clearly indicate how priorities will be set and how the budget will be allocated. It should better explain the content of the envisaged Cost and Responsibility Sharing Schemes and justify why the current standard co-financing rate should be increased. The report should present other, more realistic and diversified, policy options that would duly reflect the identified problems and their drivers and would imply re-prioritisation and spending less on certain activities. It should also consider alternative delivery mechanisms related, for example, to the institutional set-up, eligibility criteria such as the minimum size of the co-funded programmes, payment methods, fraud prevention, controls, etc.

(4) Improve the assessment and comparison of options. The report should assess and present the benefits of EU intervention with more caution, particularly in view of the lack of evidence on the cost-effectiveness and added value of past food and feed expenditure. It should indicate the budgetary impact on individual Member States and assess the economic impacts for different sectors and on SMEs in greater detail. Given that methodological tools to assess the impacts of EU intervention are still being developed, the report should clarify when these will become available and to what extent they might have an impact on the foreseen budgetary allocation, or result in different spending per Member State. On the basis of a wider set of alternative policy options, their comparison in terms of effectiveness, efficiency as well as coherence should be carried out.

(5) Strengthen monitoring and evaluation. The report should set out concrete arrangements for monitoring, reporting and evaluation, taking due account of the respective responsibilities of all levels of government and actors involved. In particular, it should define reliable monitoring indicators, including the benchmark against which their

performance will be measured. In order to do so, policy objectives need to be re-defined in sufficiently concrete terms. Furthermore, the report should explain how data will be collected, by whom and at what point of time.

Some more technical comments have been transmitted directly to the author DG and are expected to be incorporated in the final version of the impact assessment report.

(D) Procedure and presentation

The report should clarify the different views of stakeholders on the EU food and feed expenditure. These should be reported per category/sector and should include direct and indirect beneficiaries as well as non-beneficiaries of the financial support. In case that the position of stakeholders is not known on all the key issues, this should be acknowledged and justified in the report. Finally, the report should include a glossary explaining the various acronyms in the text.

(E) IAB scrutiny process

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| Reference number | 2012/SANCO/018 |
| External expertise used | No |
| Date of IAB meeting | 7 November 2012 |