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Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

laying down provisions for the management of expenditure relating to the food chain, animal health and animal welfare, and relating to plant health and plant reproductive material, amending Council Directives 98/56/EC, 2000/29/EC and 2008/90/EC, Regulations (EC) No 178/2002, (EC) No 882/2004 and (EC) No 396/2005, Directive 2009/128/EC and Regulation (EC) No 1107/2009 and repealing Council Decisions 66/399/EEC, 76/894/EEC and 2009/470/EC

{SWD(2013) 194 final}

{SWD(2013) 195 final}

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

- General context

On 29 June 2011, the European Commission presented its proposal for a multiannual financial framework for 2014-2020¹ which was amended on 6 July 2012². Taking into account the conclusions of the European Council of 7/8 February 2013, the Commission is proposing a maximum amount of EUR 1 891,936 million for expenditure in relation to food and feed during the whole period 2014-2020. The objective of this Regulation is to modernise the financial provisions for this area.

The main current financial legal framework used for funding these areas is Council Decision 2009/470/EC for veterinary eradication programmes and veterinary emergency measures, Council Directive 2000/29/EC for plant health measures and Regulation (EC) No 882/2004 of the European Parliament and of the Council for funding measures regarding official controls. Further specific financial provisions exist in Regulation (EC) No 396/2005 on maximum residue levels of pesticides in or on food and feed of plant and animal origin, in Regulation (EC) No 1107/2009 concerning the placing of plant protection products on the market, in Directive 2009/128/EC establishing a framework for Community action to achieve the sustainable use of pesticides as well as in numerous other Council Directives related to animal and plant health.

This piecemeal framework is not in line with some provisions of the Financial Regulation and is quite complex. It has evolved over time and it needs to be rationalised.

This is an opportunity to replace the current financial provisions in multiple legal bases by one single, clear and modern financial framework which optimises the implementation and the functioning of financial management of expenditure in the field of food and feed. In particular, the financial management structures will be simplified on the basis of clear objectives and indicators. Funding rates will also be clearer and more simplified.

This proposal is part of the 'Healthier Animals and Plants for a Safer Food Chain Package' which includes proposals for:

- the animal health policy, which aims to protect and raise the health status and the condition of animal in the EU, in particular food-producing animals, whilst permitting intra-EU trade and imports of animals and animal products in accordance with the appropriate health standards and international obligations;
- the plant health regime, whose objective is to protect EU agriculture and forestry by preventing the entry and spread of non-native plant pests;
- the regime for production and making available on the market of plant reproductive material of agricultural, vegetable, forest, fruit, vine and ornamental species, which ensures that EU criteria for health, identity, and quality are met;

¹ COM(2011)398 final.

² COM(2012)388 final.

- the rules which govern official controls and other official activities performed to ensure the application of food law and feed law, rules on animal health and welfare, plant health and plant reproductive material, plant protection products and pesticides.
- Focus of actions/Expenditure

The veterinary eradication programmes are essential to progressively eliminate a number of listed animal diseases which are endemic in certain areas of the Union, by means of a wide range of measures including vaccination, testing of animals and compensation for slaughtering and culling. EU funding to support these measures gives priority to diseases of public health importance and those which have major economic impacts, due to trade implications and income losses for farmers, for the wider livestock industry, as well as adjacent sectors.

The EU plant health and plant reproductive material regimes give priority to the protection of EU agriculture and forestry by preventing the entry and spread of non-native pests of plants and to the availability and use of healthy plant material at the beginning of the chain of plant production.

Expenditure for official controls includes the financing of the Better Training for Safer Food programme, which promotes a harmonised approach to the operation of Union and national control systems; and of the network of the EU Reference Laboratories, which provide scientific and technical expertise in those areas where the effectiveness of official controls depends on the quality, uniformity and reliability of the methods of analysis or tests, and the results thereof, employed by official laboratories. It also includes other actions intended to improve the effectiveness of official controls performed by the Member States and the enforcement of the agri-food chain acquis in general.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

- Consultation of interested parties

Because these policies have been under review for some time, they are individually supported by their own impact assessments, and details of these policies have been extensively discussed with stakeholders in various consultation fora.
- Accelerated impact assessment

An impact assessment was conducted between August and September 2012 by the Directorate-General for Health and Consumers. It considered four options:

 - Option 1: no change. The current legal framework will not be consistent with the Multiannual Financial Framework. Expenditure on plant health could not be increased.
 - Option 2: bring existing legislation into one legislative instrument. This will promote a simpler and more understandable legislation, but will not allow the financial framework to be adapted.
 - Option 3 (a): establish a single coherent financial programme, largely using existing financial provisions but with improvements. The simplification of the system and the harmonisation of rates will reduce

the administrative burden on the Commission and on the Member States. New financial management tools such as clear objectives and indicators will use available resources more effectively.

- Option 3 (b): introduction of aspects of Cost and Responsibility Sharing Schemes (CRSS). This option envisages a participatory approach when public authorities share with the private sector the burden of losses incurred as well as the responsibilities of running the system. The administrative burden will be expected to rise in the short term and the system is expected to be difficult to manage.
- Option 4: stop all EU actions. This option was not considered appropriate because it will jeopardise the objectives of the policy areas and will have a very negative impact on trade.

3. LEGAL ELEMENTS OF THE PROPOSAL

The proposal is based on Articles 43(2) and 168(4)(b) of the Treaty on the Functioning of the European Union (TFEU). Measures adopted under Article 43(2) should be necessary to pursue the objectives of the common agricultural policy. Measures adopted under Article 168(4)(b) should have as their object a high level of human health protection. This proposal undertakes to financially support EU and Member State actions aiming at ensuring a high level of health for humans, animals and plants along the food chain and a high level of protection and information of food chain consumers. The choice of Articles 43(2) and 168(4)(b) TFEU is thus justified both by the objective and the content of the proposal. This proposal is to be adopted in accordance with the ordinary legislative procedure and after consulting the European Economic and Social Committee and the Committee of the Regions.

4. BUDGETARY IMPLICATION

On 29 June 2011, the European Commission presented its proposal for a multiannual financial framework for 2014-2020³ which was amended on 6 July 2012⁴. Taking into account the conclusions of the European Council of 7/8 February 2013, the Commission is proposing a maximum amount of EUR 1 891,936 million for expenditure in relation to food and feed during the whole period 2014-2020. In accordance with the 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 Commission has entrusted the Executive Agency for Health and Consumers with implementation tasks for the management of the Food and Feed Programme since 2008. The Commission may use, on the basis of a cost-benefit analysis, an existing executive agency for the implementation of this Programme.

5. SUMMARY OF CONTENTS OF THIS REGULATION

This Regulation provides for the scope and objectives for food and feed expenditure up to a maximum ceiling of EUR 1 891,936 million in current prices. The objectives are a high level of safety of food and food production systems, a higher animal health status and animal welfare, the detection and eradication of pests, to ensure an

³ COM(2011)398 final.

⁴ COM(2012)388 final.

effective implementation of official controls. These objectives are accompanied with their indicators.

This Regulation also sets eligible measures and costs.

The funding rates for grants are rationalised. A standard funding rate is set at 50% of the eligible costs. This rate can be raised under certain conditions up to 75% and 100%. In order to avoid the administrative burden of the management of micro-programmes, this Regulation sets a minimal amount for grants of EUR 50 000.

This Regulation also provides for the access to the Reserve for crises in the agricultural sector in certain circumstances.

Regarding plant health, in order to protect the EU against pests linked *inter alia* to trade globalisation and climate change, Union financial contribution will also cover survey programmes for the presence of pests and phytosanitary support measures for the outermost territories of Member States.

This Regulation provides for the possibility to support Union reference laboratories and projects aimed at improving the effectiveness and efficiency of official controls.

For the sake of clarity and transparency, this Regulation sets the procedures of submission and evaluation of annual and multiannual control programmes and the procedure for setting or updating the list of animal diseases or plant pests eligible for co-funding.

The procedures for financing these areas are simplified. In particular the number of decisions the Commission will have to adopt will decrease significantly. For example the reimbursement decisions will not be taken by the Commission any more.

Proposal for a

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laying down provisions for the management of expenditure relating to the food chain, animal health and animal welfare, and relating to plant health and plant reproductive material, amending Council Directives 98/56/EC, 2000/29/EC and 2008/90/EC, Regulations (EC) No 178/2002, (EC) No 882/2004 and (EC) No 396/2005, Directive 2009/128/EC and Regulation (EC) No 1107/2009 and repealing Council Decisions 66/399/EEC, 76/894/EEC and 2009/470/EC

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 43(2) and 168(4)(b) thereof,

Having regard to the proposal from the European Commission⁵,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee⁶,

Having regard to the opinion of the Committee of the Regions⁷,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Union legislation provides for requirements regarding food and food safety and feed and feed safety, at all stages of production, including rules aimed at guaranteeing fair practices in trade and the provision of information to consumers. It also provides for requirements regarding the prevention and control of transmissible diseases in animals and zoonoses, and requirements regarding animal welfare, animal by-products, plant health and plant reproductive material, the protection of plant varieties, genetically modified organisms and the placing on the market and use of plant protection products and the sustainable use of pesticides. Union legislation also provides for official controls and other control activities aimed at ensuring the effective implementation of and compliance with those requirements.
- (2) The general objective of Union legislation in those areas is to contribute to a high level of health for humans, animals and plants along the food chain, a high level of protection and information of consumers and a high level of protection of the environment while favouring competitiveness and creation of jobs.
- (3) The pursuit of that general objective requires appropriate financial resources. It is therefore necessary that the Union contributes to the funding of measures undertaken in the different areas pertaining to that general objective. In addition, in order to efficiently target the use of the expenditure, specific objectives should be laid down and indicators should be set to assess the achievement of those objectives.

⁵ OJ C , , p. .

⁶ OJ C , , p. .

⁷ OJ C , , p. .

- (4) Union financing for expenditure relating to food and feed has in the past taken the form of grants, procurement and payments to international organisations active in the field. It is appropriate to continue financing in the same manner.
- (5) For reasons of budgetary discipline, it is necessary to lay down in this Regulation the list of eligible measures which may benefit from a Union contribution as well as the eligible costs and applicable rates.
- (6) On 29 June 2011, the European Commission presented its proposal for a multiannual financial framework for 2014-2020⁸ which was amended on 6 July 2012⁹. Taking into account the conclusions of the European Council of 7/8 February 2013, the Commission is proposing a maximum amount of EUR 1 891,936 million for expenditure in relation to food and feed during the whole period 2014-2020.
- (7) Furthermore, in its proposal for a multiannual financial framework for 2014-2020, the Commission suggests the creation of an emergency mechanism to react to crisis situations. Consequently, in case of exceptional circumstances like emergency situations related to animal and plant health, when the appropriations under budget heading 3 are insufficient but emergency measures are necessary, funds from the Reserve for crises in the agricultural sector should be transferred in accordance with the Interinstitutional Agreement of... between the European Parliament, the Council and the Commission on cooperation in budgetary matters and on sound financial management¹⁰.
- (8) The legislation currently in force provides that some of the eligible costs are reimbursed at fixed rates, while for other costs no limitation is foreseen. In order to rationalise and simplify the system, a fixed maximum rate for reimbursement should be set. It is appropriate to set that rate at the usual level applied for grants. It is also necessary to provide the possibility to raise that maximum rate in certain circumstances.
- (9) Due to the importance of achieving the objectives of this Regulation, it is appropriate to finance 100% of the eligible costs for certain actions provided that the implementation of those actions also implies incurring costs which are not eligible.
- (10) The Union has the responsibility to ensure that funds are properly spent but also to take measures to respond to the need to simplify its spending programmes in order to reduce the administrative burden and the costs for beneficiaries of funds and for all actors involved, in line with the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions – Smart Regulation in the European Union¹¹. For cost effectiveness reasons, both at level of the Commission and of the Member States, grants under a certain ceiling should not be granted anymore.
- (11) Union legislation requires Member States to implement certain measures in the case of the occurrence and development of certain animal diseases or zoonoses. Therefore, the Union should make a financial contribution for such emergency measures.
- (12) It is also necessary to reduce, by appropriate eradication, control and monitoring measures, the number of outbreaks of animal diseases and zoonoses which pose a risk to human and animal health, as well as to prevent the occurrence of such outbreaks.

⁸ COM(2011)398 final.

⁹ COM(2012)388 final.

¹⁰ OJ C , , p. .

¹¹ COM(2010)543 final.

National programmes for the eradication, control and monitoring of those diseases and zoonoses should therefore benefit from Union funding.

- (13) For organisational and efficiency reasons in respect of the handling of funding in the animal and plant health areas, it is appropriate to lay down rules on content, submission, evaluation and approval of national programmes, including those implemented in the outermost regions of the Union referred to in Article 349 of the Treaty on the Functioning of the European Union ('TFEU'). For the same reasons, deadlines for reporting and filing of payment requests should also be laid down.
- (14) Council Directive 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community¹² requires Member States to take certain emergency measures for the eradication of organisms harmful to plants or plant products ('pests'). The Union should make a financial contribution towards the eradication of those pests. A Union financial contribution should also be available under certain conditions for emergency measures aimed at containing the pests which have the most severe impact on the Union and which cannot be eradicated in certain zones and for prevention measures concerning those pests.
- (15) Emergency measures taken against pests should be eligible for Union co-financing if those measures have added value for the entire Union. For this reason, a Union financial contribution should be made available for pests listed in Directive 2000/29/EC as not known to occur in the Union. Where pests are known to occur in the Union, only measures relating to the pests which have the most severe impacts on the Union should be eligible for a Union financial contribution. Measures relating to pests subject to Union emergency measures for their eradication should also be eligible for a Union financial contribution.
- (16) It is necessary to timely detect the presence of certain pests. Surveys carried out by the Member States for such presence are essential to ensure the immediate eradication of outbreaks of those pests. The surveys carried out by individual Member States are essential to protect the territory of all other Member States. The Union should contribute to the financing of those surveys.
- (17) The outermost regions of Member States experience difficulties caused by their remoteness and dependence on a limited number of products. It is appropriate for the Union to grant a financial contribution to Member States for programmes that they carry out for the control of pests in those outermost regions in line with the objectives of Regulation (EU) No 228/2013¹³ of the European Parliament and of the Council of 13 March 2013 laying down specific measures for agriculture in the outermost regions of the Union and repealing Council Regulation (EC) No 247/2006 .
- (18) Official controls carried out by the Member States are an essential tool to verify and monitor that relevant Union requirements are being implemented, complied with and enforced. The effectiveness and efficiency of official control systems is vital for maintaining a high level of safety for humans, animals and plants along the food chain whilst ensuring a high level of protection of the environment. A Union financial support should be made available for such control measures. In particular, a financial contribution should be available to Union reference laboratories in order to help them bear the costs arising from the implementation of work programmes approved by the

¹² OJ L 169, 10.7.2000., p. 1.

¹³ OJ L 78, 20.3.2013, p. 23.

Commission. Moreover, since the effectiveness of official controls also depends on the availability to the control authorities of well trained staff possessing an appropriate knowledge of Union legislation, the Union should be able to contribute to their training and relevant exchange programmes organised by competent authorities.

- (19) The efficient management of official controls depends on a rapid exchange of data and information related to such controls. In addition, the proper and harmonised implementation of the relevant rules depends on the setting of efficient systems involving Member State competent authorities. Therefore the establishment and operation of databases and computerised information management systems for those purposes should also be eligible for financial contribution.
- (20) The Union should make funding available for technical, scientific, coordination and communication activities necessary to ensure the correct implementation of Union legislation and to ensure the adaptation of the legislation to scientific, technological and societal developments. Funding should also be made available for projects aimed at improving the effectiveness and efficiency of official controls.
- (21) Pursuant to Article 3 of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002¹⁴, any proposal submitted to the legislative authority containing derogations from provisions of that Regulation has to clearly indicate such derogations and to state the specific reasons justifying them. Therefore, given the specificities of some objectives covered by this Regulation and considering that the respective competent authorities of the Member States are best placed to implement the activities associated with those objectives, those authorities should be considered as identified beneficiaries for the purposes of Article 128(1) of Regulation (EU, Euratom) No 966/2012. It should therefore be possible to award grants to such authorities without previous publication of calls for proposals.
- (22) By way of derogation from Article 86 and as an exception as referred to in Article 130 of Regulation (EU, Euratom) No 966/2012, the costs for the emergency measures covered by Articles 7 and 17 of this Regulation should be eligible as from the date of notification of the occurrence of a disease or the presence of a pest by the Member State to the Commission due to the urgent and unforeseeable nature of those measures. The corresponding budgetary commitments and the payment of eligible expenditure should be made by the Commission, after assessment of the payment applications submitted by the Member States, using, if appropriate and needed, the reserve for crises in the agricultural sector.
- (23) It is of the utmost importance that such emergency measures are implemented immediately. It would therefore be counterproductive to exclude from funding those costs incurred prior to the submission of the grant application, as this would encourage Member States to focus their immediate efforts on the preparation of a grant application, instead of on the implementation of emergency measures.
- (24) Given the extent of the Union legislation in force concerning the implementation of eradication and surveillance measures and the technical limitations as regards other expertise available, the implementation of the measures covered by this Regulation needs to be carried out for a major part by the Member States' competent authorities. It

¹⁴ OJ L 298, 26.10.2012, p. 1.

is therefore necessary to cofinance the salary costs of the personnel of national administrations in certain cases.

- (25) Programming allows coordination and prioritisation and thus contributes to effective use of Union financial resources. The Commission should therefore be empowered to adopt work programmes for the implementation of certain measures provided for in this Regulation.
- (26) To ensure responsible and effective use of Union financial resources, the Commission should be allowed to check that Union funding is effectively used for the implementation of eligible measures either by on-the-spot checks or by documentary checks.
- (27) The financial interests of the Union should be protected throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used.
- (28) In order to ensure uniform conditions for the implementation of this Regulation, implementing powers should be conferred on the Commission with regard to the establishment and amendment of the lists of animal diseases and zoonoses which qualify for Union funding, as well as the establishment of work programmes. When amending the list of animal diseases qualifying for emergency measures funding, the Commission should take into account the animal diseases which must be notified in accordance with Council Directive 82/894/EEC of 21 December 1982 on the notification of animal diseases within the Community¹⁵. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers¹⁶.
- (29) The advisory procedure should be used for the adoption of the initial lists of animal diseases and zoonoses which qualify for funding in the field of animal health, given that those initial lists should merely contain, without any modifications, the animal diseases and zoonoses which already qualify for such funding under Council Decision 2009/470/EC of 25 May 2009 on expenditure in the veterinary field¹⁷.
- (30) Union legislation should be managed and implemented in such a way as to ensure that it delivers the intended benefits, in the light of experience. It is therefore appropriate for the Commission to evaluate the functioning and effectiveness of this Regulation and to communicate the results to the other institutions.
- (31) Different committees assist the Commission in the implementation of Union rules covered by this Regulation, in particular the Committees established by Council Decision 66/399/EEC of 14 June 1966 setting up a Standing Committee on Seeds and Propagating Material for Agriculture, Horticulture and Forestry¹⁸, Council Decision 76/894/EEC of 23 November 1976 establishing a Standing Committee on Plant Health¹⁹, Council Directive 98/56/EC of 20 July 1998 on the marketing of propagating material of ornamental plants²⁰, Council Directive 2008/90/EC of 29 September 2008

¹⁵ OJ L 378, 31.12.1982, p. 58.

¹⁶ OJ L 55, 28.2.2011, p. 13.

¹⁷ OJ L 155, 18.6.2009, p. 30.

¹⁸ OJ 125, 11.7.1966, p. 2289/66.

¹⁹ OJ L 340, 9.12.1976, p. 25.

²⁰ OJ L 226, 13.8.1998, p. 16.

on the marketing of fruit plant propagating material and fruit plants intended for fruit production²¹ and Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety²². It is appropriate to streamline the Committee procedure in this area and to charge the Committee established by Article 58 of Regulation (EC) 178/2002 with the task of assisting the Commission in the exercise of its implementing powers in respect of the expenditure incurred in the relevant areas and to adapt the name of that Committee in order to reflect its extended tasks. Decisions 66/399/EEC and 76/894/EEC should therefore be repealed and Directives 98/56/EC and 2008/90/EC and Regulation (EC) No 178/2002 should therefore be amended accordingly.

- (32) This Regulation replaces the provisions of Decision 2009/470/EC. In addition, this Regulation replaces Articles 13c(5) and Articles 22 to 26 of Directive 2000/29/EC, Article 66 of Regulation (EC) No 882/2004 of 29 April 2004 of the European Parliament and of the Council on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules²³, Articles 36 and 37 of Regulation (EC) 396/2005 of the European Parliament and of the Council of 23 February 2005 on maximum residue levels of pesticides in or on food and feed of plant and animal origin and amending Council Directive 91/414/EEC²⁴, Article 22 of Directive 2009/128/EC of the European Parliament and of the Council of 21 October 2009 establishing a framework for Community action to achieve the sustainable use of pesticides²⁵ and Article 76 of Regulation (EC) 1107/2009 of the European Parliament and of the Council of 21 October 2009 concerning the placing of the plant protection products on the market and repealing Council Directives 79/117/EEC and 91/414/EEC²⁶. Directive 2000/29/EC, Regulations (EC) No 882/2004 and (EC) No 396/2005, Directive 2009/128/EC and Regulation (EC) 1107/2009 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

²¹ OJ L 267, 8.10.2008, p. 8.

²² OJ L 31, 1.2.2002, p. 1.

²³ OJ L 165, 30.4.2004, p. 1.

²⁴ OJ L 70, 16.3.2005, p. 1.

²⁵ OJ L 309, 24.11.2009, p. 71.

²⁶ OJ L 309, 24.11.2009, p. 1.

TITLE I COMMON PROVISIONS

CHAPTER I SUBJECT MATTER, SCOPE AND OBJECTIVES

Article 1 Subject matter and scope

This Regulation establishes provisions for the management of expenditure from the general budget of the European Union in the fields covered by Union rules:

- (a) governing food and food safety, at any stage of production, processing, distribution and disposal of food, including rules aimed at guaranteeing fair practices in trade and protecting consumer interests and information, and the manufacture and use of materials and articles intended to come into contact with food;
- (b) governing feed and feed safety, at all stages of production, processing, distribution and disposal of feed and the use of feed, including rules aimed at guaranteeing fair practices in trade and protecting consumer interests and information;
- (c) laying down animal health requirements;
- (d) laying down welfare requirements for animals;
- (e) on protective measures against organisms harmful to plants or plant products as defined in Directive 2000/29/EC (hereinafter: 'pests');
- (f) on the production, with a view to placing on the market, and placing on the market of plant reproductive material;
- (g) laying down the requirements for placing on the market of plant protection products and the sustainable use of pesticides;
- (h) aiming at preventing and minimising risks to public and animal health arising from animal by-products and derived products;
- (i) governing the deliberate release into the environment of genetically modified organisms;
- (j) on protection of intellectual property right in relation to plant varieties and conservation and exchange of plant genetic resources.

Article 2 Objectives

1. The expenditure referred to in Article 1 shall aim at attaining:
 - (a) the general objective of contributing to a high level of health for humans, animals and plants along the food chain and in related areas and a high level of protection for consumers and the environment while enabling the Union food and feed industry to operate in an environment favouring competitiveness and the creation of jobs;

- (b) the following specific objectives:
 - (i) to contribute to a high level of safety of food and food production systems and of other products which may affect the safety of food, while improving the sustainability of food production;
 - (ii) to contribute to a higher animal health status in the Union and to support the improvement of the welfare of animals;
 - (iii) to contribute to timely detection of pests and their eradication where those pests have entered into the Union;
 - (iv) to contribute to improve the effectiveness, efficiency and reliability of official controls and other activities carried out in view of the effective implementation of and compliance with the Union rules referred to in Article 1.
- 2. In order to measure the attainment of the specific objectives referred to in paragraph 1(b) the following indicators shall be used:
 - (a) for the specific objective in paragraph 1(b)(i), the reduction of the number of cases of diseases in humans in the Union and which are linked to food safety or zoonoses;
 - (b) for the specific objective in paragraph 1(b)(ii):
 - (i) the increase of the number of Member States or regions thereof which are free from animal diseases for which a financial contribution is granted;
 - (ii) an overall reduction of disease parameters such as incidence, prevalence and number of outbreaks;
 - (c) for the specific objective in paragraph 1(b)(iii):
 - (i) the coverage of the Union territory by surveys for pests, in particular for pests not known to occur in the Union territory and pests considered to be most dangerous for the Union territory;
 - (ii) the time and success rate for the eradication of those pests;
 - (d) for the specific objective in paragraph 1(b)(iv), a favourable trend of the outcome of controls in particular areas of concern carried out and reported by Commission experts in the Member States.

CHAPTER II

FORMS OF FINANCING AND GENERAL FINANCIAL PROVISIONS

Article 3 *Forms of financing*

1. Union financing for the expenditure referred to in Article 1 shall be implemented in accordance with Regulation (EU, Euratom) No 966/2012.
2. When grants are awarded to the competent authorities of the Member States, they shall be considered as identified beneficiaries within the meaning of Article 128(1) of Regulation (EU, Euratom) No 966/2012. Such grants may be awarded without a call for proposals.

3. The Union financial contribution for the measures referred to in this Regulation may also take the form of voluntary payments to international organisations active in the areas covered by the rules referred to in Article 1, of which the Union is a member or in the work of which it participates.

Article 4

Budget

1. Without prejudice to Article 5, the ceiling for the expenditure referred to in Article 1 for the period from 1 January 2014 to 31 December 2020 shall be a maximum amount of EUR 1 891,936 million in current prices.
2. The ceiling referred to in paragraph 1 may also cover expenses pertaining to preparatory, monitoring, control, audit and evaluation activities which are required for the management of the expenditure referred to in Article 1 and the achievement of their objectives, in particular studies, meetings of experts, expenses linked to IT networks focusing on information processing and exchange, as well as all other technical and administrative assistance expenses incurred by the Commission for the management of that expenditure.
3. The ceiling may also cover the technical and administrative assistance expenses necessary to ensure the transition between actions adopted before and after the entry into force of this Regulation. If necessary, appropriation may be entered in the budget beyond 2020 to cover similar expenses, in order to enable the management of actions not yet completed by 31 December 2020.

Article 5

Use of the reserve for crises in the agricultural sector

The Union contribution to measures for emergency situations covered by Section 1 of Chapter I of Title II and Section 1 of Chapter II of Title II may also be financed in accordance with point (e) of Article 4(2) of Regulation (EU) No XXX/201X of the European Parliament and the Council on the financing, management and monitoring of the common agricultural policy.

Article 6

Maximum rates and minimum amount of grants

1. Where the Union financial contribution takes the form of a grant, it shall not exceed 50% of the eligible costs.
2. The maximum rate referred to in paragraph 1 may be increased to 75% of the eligible costs for:
 - (a) cross-border activities implemented together by two or more Member States in order to control or eradicate pests or animal diseases;
 - (b) Member States whose gross national income per inhabitant based on the latest Eurostat data is less than 90% of the Union average;

3. The maximum rate referred to in paragraph 1 may be increased to 100% of the eligible costs where the activities benefitting from Union contribution:
 - (a) concern the control of serious health risks for the Union;
 - (b) are specific tasks of particular importance for the Union, as explicitly acknowledged by the Commission in the work programme adopted in accordance with Article 35(1); or
 - (c) are implemented in third countries.
4. No grant of less than EUR 50 000 shall be awarded.

TITLE II

FINANCIAL PROVISIONS

CHAPTER I

ANIMAL HEALTH

SECTION 1

EMERGENCY MEASURES

Article 7

Eligible measures

1. Grants may be awarded to Member States up to the maximum rates set in Article 6(1), (2) and (3) for the measures taken in the event of the confirmation of the occurrence of one of the animal diseases listed pursuant to Article 8, provided that the measures have been applied immediately and the applicable provisions laid down in the relevant Union legislation have been complied with.
2. Grants may be awarded to Member States where, on the confirmation of the occurrence of one of the animal diseases listed pursuant to Article 8, two or more Member States collaborate closely to control the epidemic.
3. Grants may be awarded to Member States, third countries and international organisations for protection measures taken in the case of a direct threat to the health status of the Union as a result of the occurrence or development, in the territory of a third country or a Member State, of one of the animal diseases and zoonoses listed pursuant to Articles 8 or 11.
4. Grants may be awarded to Member States where the Commission decides, at the request of a Member State, that they must establish stocks of biological products intended for the control of the animal diseases and zoonoses listed pursuant to Articles 8 or 11.
5. A Union financial contribution may be awarded for the establishment of stocks of biological products or the acquisition of vaccine doses if the occurrence or the development in a third country or Member State of one of the animal diseases and zoonoses listed pursuant to Articles 8 or 11 may constitute a threat to the Union.

Article 8

List of animal diseases

1. The Commission shall, by means of an implementing act, establish the list of animal diseases which qualify for funding under Article 7. That list shall contain the animal diseases referred to in Articles 3(1), 4(1), 6(2) and 14(1) of Decision 2009/470/EC. That implementing act shall be adopted in accordance with the advisory procedure referred to in Article 39(2) of this Regulation.
2. The Commission may, by means of implementing acts, amend the list of animal diseases established pursuant to paragraph 1, taking into account the animal diseases which must be notified in accordance with Directive 82/894/EEC and the diseases which are likely to constitute a new threat for the Union due to their significant impact on:

- (a) human health;
- (b) animal health or animal welfare; or
- (c) the agricultural or aquaculture production or related sectors of the economy.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 39(3) of this Regulation.

Article 9
Eligible costs

1. The following costs incurred by the Member States in carrying out the measures referred to in Article 7(1) may be eligible for funding, under that paragraph:
 - (a) costs of compensation to owners for the value of their animals slaughtered or culled, within the limit of the market value of the animals immediately before they were slaughtered or culled;
 - (b) costs of compensation to owners for the value of their destroyed products of animal origin, within the limit of the market value of those products immediately before their destruction;
 - (c) costs of cleaning, desinsectisation and disinfection of holdings and equipment;
 - (d) costs for the destruction of the contaminated feeding stuffs and, where it can not be disinfected, contaminated equipment;
 - (e) cost of purchase and administration of vaccines if those are decided or authorised by the Commission;
 - (f) costs of transport of carcasses to processing plants where applicable;
 - (g) in exceptional and duly justified cases, any other costs essential for the eradication of the disease as provided for in the financing decision referred to in Article 35(3) of this Regulation.
2. As an exception, as referred to in Article 130(1) of Regulation (EU, Euratom) No 966/2012, costs shall be eligible from the date of notification of the occurrence of the disease by the Member States to the Commission.

After assessment of the payment applications submitted by the Member States, the Commission shall make the corresponding budgetary commitments and the payment of eligible expenditure.

SECTION 2
PROGRAMMES FOR THE ERADICATION, CONTROL AND SURVEILLANCE OF
ANIMAL DISEASES AND ZOOSES

Article 10
Eligible programmes

Grants may be awarded to Member States' annual or multiannual national programmes for the eradication, control and surveillance of the animal diseases and zoonoses listed pursuant to Article 11 (hereinafter "national programmes").

Article 11
List of animal diseases and zoonoses

1. The Commission shall, by means of an implementing act, establish the list of animal diseases and zoonoses which qualify for grants under Article 10. That list shall contain the animal diseases and zoonoses listed in Annex I to Decision 2009/470/EC. That implementing act shall be adopted in accordance with the advisory procedure referred to in Article 39(2) of this Regulation.
2. The Commission may, by means of implementing acts, amend the list established pursuant to paragraph 1, taking into account
 - (a) the situation of animal diseases that have a significant impact on livestock production or trade;
 - (b) the development of zoonoses which pose a threat to humans; or
 - (c) new scientific or epidemiological development.

Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 39(3) of this Regulation.

Article 12
Eligible costs

The following costs incurred by the Member States in implementing the national programmes may be eligible for grants under Article 10:

- (a) costs of sampling animals;
- (b) costs of tests, provided that they are limited to:
 - (i) costs of test kits, reagents, and consumables which are identifiable and specially used for carrying out those tests;
 - (ii) costs of personnel, regardless its status, directly involved in carrying out the tests;
- (c) costs of compensation to owners for the value of their animals slaughtered or culled in the framework of the national programme, within the limit of the market value of the animals immediately before they were slaughtered or culled;
- (d) costs of compensation to owners for the value of their destroyed products of animal origin, within the limit of the market value of those products immediately before their destruction;
- (e) costs of purchase and storage of vaccine doses or vaccine and baits for animals used for the programmes;
- (f) costs of inoculation of vaccine doses to domestic animals;
- (g) costs of distribution of vaccines and baits for wild animals;
- (h) costs of cleaning, disinfection, desinsectisation of the holding and equipment and based on the epidemiology and characteristics of the pathogen;
- (i) in exceptional and duly justified cases, the costs incurred in carrying out other necessary measures than those referred to in points (a) to (h), provided that such measures are set out in the grant decision referred to in Article 14(2).

For the purposes of point (c) of the first subparagraph, the salvage value of the animals, if any, shall be deducted from the compensation.

For the purposes of point (d) of the first subparagraph, the salvage value of heat-treated non-incubated eggs shall be deducted from the compensation.

Article 13

Content and submission of the national programmes

1. Each year, by 31 May, Member States shall submit to the Commission the national programmes starting in the following year for which they apply for a grant.

National programmes submitted after 31 May shall not be eligible for financing the following year.

2. The national programmes shall contain at least the following:
 - (a) a description of the epidemiological situation of the animal disease or zoonose before the date of the beginning of the programme;
 - (b) a description and demarcation of the geographical and administrative areas in which the programme is to be applied;
 - (c) the duration of the programme;
 - (d) the measures to be implemented;
 - (e) the estimated budget;
 - (f) the targets to be attained by the completion date of the programme and its anticipated benefits;
 - (g) appropriate indicators to measure the achievement of the targets of the programme.

In each multiannual national programme, the information referred to in points (a) to (g) of the first subparagraph shall be provided for each year covered by the programme.

3. If the occurrence or the development of one of the animal diseases or zoonoses listed pursuant to Article 11 is likely to constitute a threat to the health status of the Union and in order to protect the Union from the introduction of one of those diseases or zoonoses, Member States may include in their national programmes measures to be implemented in territories of neighbouring third countries in cooperation with the authorities of those countries.

Article 14

Evaluation and approval of the national programmes

1. The national programmes shall be evaluated taking into account the priorities and criteria set out in the annual or multiannual work programmes referred to in Article 35(1) and, where appropriate, those outlined in the annual or multiannual guidelines referred to in paragraph 5 of this Article.
2. Annual national programmes and associated funding shall be approved by 31 January each year by means of a grant decision in relation to the measures implemented and the costs incurred from 1 January to 31 December of that year. Following submission of the intermediate reports as referred to in Article 15, the Commission may amend such decisions if necessary in relation to the whole eligibility period.

3. Multiannual national programmes and associated funding shall be approved by 31 January of the first year of implementation by means of a grant decision in relation to the measures implemented and the costs incurred from 1 January of the first year of implementation until the end of the implementation period.
4. In the case of approval of multiannual national programmes in accordance with paragraph 3, budgetary commitments may be divided into annual instalments. Where budgetary commitments are divided into annual instalments, the Commission shall commit the annual instalments taking into account the progress of the programmes, the estimated needs and the budget available.
5. The Commission may adopt annual or multiannual guidelines containing the veterinary priorities and criteria to be used in evaluating the national programmes.

Article 15
Reporting

For each approved annual or multiannual national programme, Member States shall submit to the Commission, by 31 March each year, an annual detailed technical and financial report covering the previous year including the results achieved, measured on the basis of the indicators referred to in Articles 13(2)(g) and a detailed account of eligible costs incurred.

In addition, for each approved annual national programme, Member States shall submit to the Commission, by 31 July each year, intermediate technical and financial reports.

Article 16
Payments

The payment request for a given year in respect of a national programme shall be submitted by the Member State to the Commission by 31 March of the following year.

The Commission shall pay the Union financial contribution for the eligible costs following appropriate verification of the reports referred to in Article 15.

CHAPTER II **PLANT HEALTH**

SECTION 1 **EMERGENCY MEASURES**

Article 17
Eligible measures

1. Grants may be awarded to Member States up to the maximum rates set in Article 6(1), (2) and (3) for the following measures against pests, subject to the conditions laid down in Article 18:
 - (a) measures to eradicate a pest from an infested area, taken by the competent authorities pursuant to Articles 16(1) and 16(2) of Directive 2000/29/EC or pursuant to the Union measures adopted in accordance with Article 16(3) of that Directive;

- (b) measures to contain a pest, against which Union containment measures have been adopted pursuant to Article 16(3) of Directive 2000/29/EC, in an infested area from which that pest cannot be eradicated, where those measures are essential to protect the Union against further spread of that pest. Those measures shall exclusively concern the eradication of that pest from the buffer zone in case its presence is detected in that buffer zone;
 - (c) additional protective measures taken against the spread of a pest, against which Union measures have been adopted pursuant to Article 16(3) of Directive 2000/29/EC, other than the eradication measures referred to in point (a) and the containment measures referred to in point (b), where those measures are essential to protect the Union against further spread of that pest.
2. Grants referred to in paragraph 1 may also be awarded to a Member State in whose territory the pests referred to in paragraph 1 are not present, where measures have been taken against the entry of those pests into the territory of that Member State because of their presence in a neighbouring Member State or third country immediately adjacent to its border.

Article 18 *Conditions*

The measures referred to in Article 17 may qualify for grants provided that they have been applied immediately and the applicable provisions laid down in the relevant Union legislation have been complied with, and provided that at least one of the following conditions is fulfilled:

- (a) they concern pests listed in Section I of Part A of Annex I and Section I of Part A of Annex II to Directive 2000/29/EC;
- (b) they are covered by a measure adopted by the Commission pursuant to Article 16(3) of Directive 2000/29/EC.

For measures fulfilling the condition laid down in point (b) of the first paragraph, the grant shall not cover costs incurred after the expiry of the measure adopted by the Commission pursuant to Article 16(3) of Directive 2000/29/EC.

Article 19 *Eligible costs*

1. The following costs incurred by Member States in carrying out the measures referred to in Article 17 may be eligible for grants under that Article:
- (a) costs of personnel, regardless its status, directly involved in the measures, as well as costs of renting of equipment, consumables and any other necessary materials, treatment products, and laboratory tests;
 - (b) costs of service contracts with third parties to execute part of the measures;
 - (c) costs of compensation to the operators concerned for the destruction and subsequent removal of plants, plant products and other objects, and the cleaning and disinfection of premises, land, water, soil, growing media, facilities, machinery and equipment;
 - (d) in exceptional and duly justified cases, the costs incurred in carrying out other necessary measures than those referred to in points (a) to (c), provided that such measures are set out in the financing decision referred to in Article 35(3).

2. As an exception, as referred to in Article 130(1) of Regulation (EU, Euratom) No 966/2012, costs shall be eligible from the date of notification of the presence of the pest by the Member States to the Commission.

After assessment of the payment applications submitted by the Member States, the Commission shall make the corresponding budgetary commitments and the payment of eligible expenditure.

SECTION 2

SURVEY PROGRAMMES CONCERNING THE PRESENCE OF PESTS

Article 20

Eligible survey programmes

Grants may be awarded to Member States for annual and multiannual survey programmes that they carry out concerning the presence of pests (hereinafter: 'survey programmes'), provided that those survey programmes comply with at least one of the following conditions:

- (a) they concern pests listed in Section I of Part A of Annex I and Section I of Part A of Annex II to Directive 2000/29/EC;
- (b) they are covered by a measure adopted by the Commission pursuant to Article 16(3) of Directive 2000/29/EC.

For the pests referred to in point (a) of the first paragraph, the survey programmes shall be based on an assessment of the risk of the entry, establishment and spread of those pests in the territory of the Member State concerned and shall as a minimum target the pests that pose the main risks and the main plant species that are exposed to those risks.

For measures fulfilling the condition laid down in point (b) of the first paragraph, the grant shall not cover costs incurred after the expiry of the measure adopted by the Commission pursuant to Article 16(3) of Directive 2000/29/EC.

Article 21

Eligible costs

The following costs incurred by the Member States in implementing the survey programmes referred to in Article 20 may be eligible for grants under that Article:

- (a) costs for sampling;
- (b) costs of tests, provided that they are limited to:
 - (i) costs of test kits, reagents and consumables which are identifiable and specially used for carrying out the tests;
 - (ii) costs of personnel, regardless its status, directly involved in collecting the samples and carrying out the tests;
- (c) in exceptional and duly justified cases, costs incurred in carrying out other necessary measures than those referred to in points (a) and (b), provided that such measures are set out in the grant decision referred to in Article 23(2).

Article 22

Content and submission of the survey programmes

1. Each year by 31 May Member States shall submit to the Commission the survey programmes starting in the following year for which they apply for a grant.

Survey programmes submitted after 31 May shall not be eligible for financing the following year.

2. The survey programmes shall contain at least the following:
 - (a) the pests included in the programme;
 - (b) a description and demarcation of the geographical and administrative areas in which the programme is to be applied and a description of the status of those areas as regards the presence of the pests concerned;
 - (c) the duration of the programme;
 - (d) the number of visual examinations, samples and tests scheduled for the pests and plants, plants products and other objects concerned;
 - (e) the estimated budget;
 - (f) the targets to be attained by the completion date of the programme and its anticipated benefits;
 - (g) appropriate indicators to measure the achievement of the targets of the programme.

In each multiannual survey programme, the information referred to in points (a) to (g) of the first subparagraph shall be provided for each year covered by the programme.

Article 23

Evaluation and approval of the survey programmes

1. The survey programmes shall be evaluated taking into account the priorities and criteria set out in the annual or multiannual work programmes referred to in Article 35(1) and, where appropriate, those outlined in the annual or multiannual guidelines referred to in paragraph 5 of this Article.
2. Annual survey programmes and associated funding shall be approved by 31 January each year by means of a grant decision in relation to the measures implemented and the costs incurred from 1 January to 31 December of that year. Following submission of the intermediate reports as referred to in Article 15, the Commission may amend such decisions if necessary in relation to the whole eligibility period.
3. Multiannual survey programmes and associated funding shall be approved by 31 January of the first year of implementation by means of a grant decision in relation to the measures implemented and the costs incurred from 1 January of the first year of implementation until the end of the implementation period.
4. In the case of approval of multiannual survey programmes in accordance with paragraph 3, budgetary commitments may be divided into annual instalments. Where budgetary commitments are divided into annual instalments, the Commission shall commit the annual instalments taking into account the progress of the programmes, the estimated needs and the budget available.
5. The Commission may adopt annual or multiannual guidelines containing the phytosanitary priorities, including in particular pests not known to occur in the Union territory and pests considered to be most dangerous for the Union territory, and criteria to be used in evaluating the survey programmes.

Article 24
Reporting and payments

Articles 15 and 16 shall apply mutatis mutandis to survey programmes.

SECTION 3
PROGRAMMES CONCERNING THE CONTROL OF PESTS IN OUTERMOST REGIONS
OF THE UNION

Article 25
Eligible measures and costs

1. Grants may be awarded to Member States for programmes that they carry out for the control of pests in the outermost regions of the Union as enumerated in Article 349 of the Treaty on the Functioning of the European Union in line with the objectives set out in Article 2 of Regulation (EU) No 228/2013 (hereinafter: 'programmes for the outermost regions'). Those grants shall concern activities necessary to ensure the correct implementation in those regions of the rules, in force in those regions, on the control of pests.
2. The following costs incurred by Member States for programmes for the outermost regions may be eligible for a Union financial contribution:
 - (a) costs of personnel, regardless of its status, directly involved in the implementation of the measures, as well as costs of renting of equipment, consumables, treatment products;
 - (b) costs of service contracts with third parties to execute part of the measures;
 - (c) costs for sampling;
 - (d) costs of tests, provided that they are limited to:
 - (i) costs of test kits, reagents and consumables which are identifiable and specially used for carrying out the tests;
 - (ii) costs of personnel, regardless its status, directly involved in collecting the samples and carrying out the tests.

Article 26
Content and submission of the programmes for the outermost regions

1. Each year by 31 May Member States shall submit to the Commission the programmes for the outermost regions starting in the following year for which they apply for a grant.

Programmes for the outermost regions submitted after 31 May shall not be eligible for financing the following year.
2. The programmes for the outermost regions shall contain at least the following:
 - (a) the pests included in the programme;
 - (b) a description and demarcation of the geographical and administrative areas in which the programme is to be applied and a description of the status of those areas as regards the presence of the pests concerned;
 - (c) a technical analysis of the regional phytosanitary situation;

- (d) the duration of the programme;
- (e) the activities included in the programme and, where relevant, the number of visual examinations, samples and tests scheduled for the pests and plants, plants products and other objects concerned;
- (f) the estimated budget;
- (g) the targets to be attained by the completion date of the programme and its anticipated benefits;
- (h) appropriate indicators to measure the achievement of the targets of the programme.

In each multiannual programme for the outermost regions, the information referred to in points (a) to (h) of the first subparagraph shall be provided for each year covered by the programme.

Article 27

Evaluation and approval of the programmes for the outermost regions

1. The programmes for the outermost regions shall be evaluated taking into account the priorities and criteria set out in the annual or multiannual work programmes referred to in Article 35(1).
2. Annual programmes for the outermost regions and associated funding shall be approved by 31 January each year by means of a grant decision in relation to the measures implemented and the costs incurred from 1 January to 31 December of that year. Following submission of the intermediate reports as referred to in Article 15, the Commission may amend such decisions if necessary in relation to the whole eligibility period.
3. Multiannual programmes for the outermost regions and associated funding shall be approved by 31 January of the first year of implementation by means of a grant decision in relation to the measures implemented and the costs incurred from 1 January of the first year of implementation until the end of the implementation period.
4. In the case of approval of multiannual programmes for the outermost regions in accordance with paragraph 3, budgetary commitments may be divided into annual instalments. Where budgetary commitments are divided into annual instalments, the Commission shall commit the annual instalments taking into account the progress of the programmes, the estimated needs and the budget available.

Article 28

Reporting and payments

Articles 15 and 16 shall apply *mutatis mutandis* to programmes for the outermost regions.

CHAPTER III

FINANCIAL SUPPORT TO OFFICIAL CONTROLS AND OTHER ACTIVITIES

Article 29

European Union reference laboratories

1. Grants may be awarded to the European Union reference laboratories referred to in Article 32 of Regulation (EC) No 882/2004 for the costs they incur to implement the work programmes approved by the Commission.
2. The following costs may be eligible for grants under paragraph 1:
 - (a) costs of personnel, regardless its status, directly involved in activities of the laboratories which are carried out in their capacity of Union reference laboratory;
 - (b) costs of capital equipment;
 - (c) cost of consumables;
 - (d) costs of shipment of samples, missions, meetings, training activities.

Article 30

Training

1. The Union may finance the training of the staff of the competent authorities responsible for official controls, as referred to in Article 51 of Regulation (EC) No 882/2004, in order to develop a harmonised approach to official controls and other official activities to ensure a high level of protection of human, animal and plant health protection.
2. The Commission shall develop training programmes identifying the priorities for intervention, based on the identified risks for public health, animal health and welfare and plant health.
3. In order to be eligible for Union financing as referred to in paragraph 1, the competent authorities shall ensure that the knowledge acquired through the training activities referred to in that paragraph is disseminated as necessary and appropriately used in the national training programmes.
4. The following costs may be eligible for the financial contribution referred to in paragraph 1:
 - (a) cost of the organisation of the training or exchange activities;
 - (b) costs of travel and accommodation of the personnel of the competent authorities taking part in the training.

Article 31

Experts from the Member States

A Union financial contribution may be granted for the travel and subsistence expenses incurred by Member States' experts as a result of the Commission appointing them to assist its experts as provided for in Articles 45(1) and 46(1) of Regulation (EC) No 882/2004.

Article 32
Coordinated control plans and data collection

1. Grants may be awarded to Member States for the costs incurred for the implementation of the coordinated control plans referred to in Article 53 of Regulation (EC) No 882/2004 and for data collection.
2. The following costs may be eligible:
 - (a) costs of laboratory tests,
 - (b) cost of equipment necessary to perform the official control and data collection tasks.

CHAPTER IV **OTHER MEASURES**

Article 33
Information systems

1. The Union shall finance the establishment and operation of data bases and computerised information management systems necessary for the effective and efficient implementation of the rules referred to in Article 1 and managed by the Commission.
2. A Union financial contribution may be granted for the establishment and management of data bases and computerised information management systems of third parties, including international organisations, provided that such tools:
 - (a) have a demonstrated added value for the Union as a whole and are available across the Union to all interested users; and
 - (b) are necessary for the effective and efficient implementation of the rules referred to in Article 1.

Article 34
Implementation and adaptation of the rules

1. The Union may finance technical and scientific work, including studies and coordination activities, necessary to ensure the correct implementation of the rules referred to in Article 1 and the adaptation of those rules to scientific, technological and societal developments.

A Union financial contribution may also be granted to the Member States or international organisations operating in the areas referred to in Article 1 to undertake activities in support of the development and implementation of the rules referred to in Article 1.
2. Grants may be awarded to projects organised by one or more Member States with the aim of improving, through the use of innovative techniques and protocols, the efficient performance of official controls.
3. A Union financial contribution may also be granted to support information and awareness raising initiatives aimed at ensuring improved, compliant and sustainable behaviour in the implementation of the rules referred to in Article 1.

TITLE III

PROGRAMMING, IMPLEMENTATION AND CONTROL

Article 35

Work programmes

1. The Commission shall, by means of implementing acts, adopt common or separate annual or multiannual work programmes for the implementation of the measures referred to in Title II, except for Section 1 of Chapter I and Section 1 of Chapter II. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 39(3).
2. The work programmes referred to in paragraph 1 shall set out the objectives pursued, the expected results, the method of implementation and their total amount. They shall also contain a description of the measures to be financed, an indication of the amount allocated to each measure and an indicative implementation timetable. They shall include for grants the priorities, the essential evaluation criteria, the funding rate.
3. For the implementation of the measures referred to in Section 1 of Chapter I of Title II and Section 1 of Chapter II of Title II, or where it is necessary to respond to unforeseeable developments, the Commission shall adopt *ad hoc* financing decisions in accordance with Article 84(2) of Regulation (EU, Euratom) No 966/2012.

Article 36

On-the-spot checks by the Commission

The Commission may organise on-the-spot checks in Member States and at the premises of the beneficiaries with a view to verifying in particular:

- (a) the effective implementation of the measures benefitting from the Union financial contribution;
- (b) the compliance of administrative practices with Union rules;
- (c) the existence of the requisite supporting documents and their correlation with the measures benefitting from a Union contribution.

Article 37

Access to information

Member States and beneficiaries shall make available to the Commission all information necessary for verifying implementation of the measures and shall take all appropriate measures to facilitate the checks which the Commission deems appropriate in connection with the management of Union financing, including on-the-spot checks.

Article 38

Protection of the Union's financial interests

1. The Commission shall take appropriate measures ensuring that, when measures financed under this Regulation are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by

the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and deterrent penalties.

2. The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot, over all grant beneficiaries, implementing bodies, contractors and subcontractors who have received Union funds under this Regulation.

The European Anti-Fraud Office (OLAF) shall be authorised to carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Council Regulation (Euratom, EC) No 2185/96²⁷ with a view to establishing that there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or decision or a contract concerning Union funding.

Without prejudice to the first and the second subparagraphs, cooperation agreements with third countries and international organisations, grant agreements, grant decisions and contracts resulting from the implementation of this Regulation shall expressly entitle the Commission, the Court of Auditors and OLAF to conduct such audits, on-the-spot checks and inspections.

²⁷ OJ L 292, 15.11.1996, p. 2.

TITLE IV

GENERAL AND FINAL PROVISIONS

Article 39 *Committee procedure*

1. The Commission shall be assisted by the Standing Committee on Plants, Animals, Food and Feed established by Article 58(1) of Regulation (EC) No 178/2002. That Committee shall be a committee within the meaning of Regulation (EU) No 182/2011.
2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply.

Where the opinion of the committee is to be obtained by written procedure, that procedure shall be terminated without result when, within the time-limit for delivery of the opinion, the chair of the committee so decides or a simple majority of committee members so request.

3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Where the opinion of the committee is to be obtained by written procedure, that procedure shall be terminated without result when, within the time-limit for delivery of the opinion, the chair of the committee so decides or a simple majority of committee members so request.

Article 40 *Evaluation*

1. By 31 December 2018, an evaluation report shall be established by the Commission on the achievement of the objectives set out in Article 2(1) in relation to the measures referred to in Chapter I and Chapter II of Title II and in Articles 29 and 30 of Chapter III (results and impacts), as regards the efficiency of the use of resources and its added value, at Union level. The evaluation shall also address the scope for simplification, the continued relevance of all objectives, as well as the contribution of the measures to the Union priorities of smart, sustainable and inclusive growth. It shall take into account evaluation results on the long-term impact of the predecessor measures.
2. By 30 June 2022 the Commission shall carry out an ex-post evaluation of the measures referred to in paragraph 1 in close cooperation with the Member States. That ex-post evaluation of the measures mentioned in paragraph 1 shall examine the effectiveness and efficiency of the expenditure referred to in Article 1 and its impact.
3. The evaluations referred to in paragraphs 1 and 2 shall take account of the progress made by using the indicators referred to in Article 2(2).
4. The Commission shall communicate the conclusions of the evaluations referred to in paragraphs 1 and 2 to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions.

Article 41
Information, communication and publicity

1. Where appropriate, beneficiaries and Member States concerned shall ensure that suitable publicity is given to financial contributions granted under this Regulation in order to inform the public of the role of the Union in the funding of the measures.
2. The Commission shall implement information and communication actions on the measures funded and results. Moreover, budget allocated to communication under this Regulation shall also cover corporate communication on the political priorities of the Union.

Article 42
Repeals

1. Decisions 66/399/EEC, 76/894/EEC and 2009/470/EC are repealed.
2. References to Decisions 66/399/EEC and 76/894/EEC shall be construed as references to Article 58(1) of Regulation (EC) No 178/2002.

Article 43
Transitional provisions

For national programmes for the eradication control and monitoring of animal diseases and zoonoses for the year 2013 benefitting from Union financing under the financial measure provided for in Article 27 of Decision 2009/470/EC, paragraphs 7 and 8 of that Article shall continue to apply.

Article 44
Amendment of Directive 98/56/EC

Directive 98/56/EC²⁸ is amended as follows:

In Article 17, paragraph 1 is replaced by the following:

- '1. The Commission shall be assisted by the Standing Committee on Plants, Animals, Food and Feed established by Article 58(1) of Regulation (EC) No 178/2002 of the European Parliament and of the Council. That Committee shall be a committee within the meaning of Regulation (EU) No 182/2011.'

In Article 18, paragraph 1 is replaced by the following:

- '1. The Commission shall be assisted by the Standing Committee on Plants, Animals, Food and Feed established by Article 58(1) of Regulation (EC) No 178/2002. That Committee shall be a committee within the meaning of Regulation (EU) No 182/2011.'

Article 45
Amendment of Directive 2000/29/EC

Directive 2000/29/EC is amended as follows:

- (1) In Article 13c, paragraph 5 is deleted.
- (2) Articles 22 to 26 are deleted.

²⁸ OJ L 31, 1.2.2002, p. 1.

Article 46
Amendment of Regulation (EC) No 178/2002

1. In Article 58 of Regulation (EC) No 178/2002, paragraph 1 is replaced by the following:
 - '1. The Commission shall be assisted by a Standing Committee on Plants, Animals, Food and Feed, hereinafter referred to as the 'Committee'. That Committee shall be a committee within the meaning of Regulation (EU) No 182/2011 of the European Parliament and of the Council²⁹. The Committee shall be organised in sections to deal with all relevant matters.'
2. All references in Union legislation to the Standing Committee on the Food Chain and Animal Health shall be construed as references to the Committee referred to in Article 58(1) of Regulation (EC) No 178/2002.

Article 47
Amendment of Regulation (EC) No 882/2004

Article 66 of Regulation (EC) No 882/2004 is deleted.

Article 48
Amendment of Regulation (EC) No 396/2005

Articles 36 and 37 of Regulation (EC) No 396/2005 are deleted.

Article 49
Amendment of Directive 2008/90/EC

In Article 19 of Directive 2008/90/EC, paragraph 1 is replaced by the following:

- '1. The Commission shall be assisted by the Standing Committee on Plants, Animals, Food and Feed established by Article 58(1) of Regulation (EC) No 178/2002 of the European Parliament and of the Council. That Committee shall be a committee within the meaning of Regulation (EU) No 182/2011 of the European Parliament and of the Council.'

Article 50
Amendment of Directive 2009/128/EC

Article 22 of Directive 2009/128/EC is deleted.

Article 51
Amendment of Regulation (EC) No 1107/2009

Article 76 of Regulation (EC) No 1107/2009 is deleted.

Article 52
Entry into force and application

This Regulation shall enter into force on the third day following that of its publication in the *Official Journal of the European Union*.

²⁹ OJ L 55, 28.2.2011, p. 13.

It shall apply from 1 January 2014.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

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 - 3.2.5. Third-party participation in financing
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LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Proposal for a Regulation of the European Parliament and of the Council laying down provisions for the management of expenditure in the field of food chain, animal health and welfare and on plant health and plant reproductive material ("food and feed expenditure")

1.2. Policy area(s) concerned in the ABM/ABB structure³⁰

17 04 Food and feed safety, animal health, animal welfare and plant health

1.3. Nature of the proposal/initiative

- The proposal/initiative relates to a **new action**
- The proposal/initiative relates to a **new action following a pilot project/preparatory action**³¹
- The proposal/initiative relates to **the extension of an existing action**
- The proposal/initiative relates to **an action redirected towards a new action**

1.4. Objectives

1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

Expenditure covered by this Regulation shall aim to ensure a high level of health for humans, animals and plants along the food chain and in related areas and a high level of protection of consumers and the environment while enabling the EU food industry to operate in an environment favouring competitiveness and creation of jobs.

1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

Specific objective No 1
Contribute to a high level of safety of food and food production systems and of other products which may affect safety of food while improving the sustainability of food production

Specific objective No 2
Contribute to a higher animal health status in the Union and to support the improvement of the welfare of animals

Specific objective No 3
Contribute to timely detection of pests and their eradication where those pests have entered into the Union

Specific objective No 4
Contribute to improve the effectiveness, efficiency and reliability of official controls and other activities carried out in view of the effective implementation of and compliance with the Union rules referred to in the Regulation laying down provisions for the management of food and feed expenditure

³⁰ ABM: Activity-Based Management – ABB: Activity-Based Budgeting.
³¹ As referred to in Article 49(6)(a) or (b) of the Financial Regulation.

1.4.3. *Expected result(s) and impact*

The 2007-2013 financial framework primarily affects Member States and their competent authorities as they are the main beneficiaries of the financial contribution. There are also indirect impacts on stakeholders such as primary producers (farmers, etc.), other operators and veterinarians but these are secondary. This will be continued with the draft Regulation covering the period 2014-2020.

The overall expected result is that, through the co-financing by the EU:

- animal diseases and plant pests will be faster eradicated in case of outbreaks
- the appearance of animal diseases and plant pests will be avoided
- EU legislation related to food and feed safety will be applied in more harmonised way all over the EU.

Furthermore, the above will also contribute to a smoother functioning of the internal market and more fluent access to the markets of third countries which may have a positive impact on employment in the EU.

Indicators of results and impact

Objective 1: Contribute to a high level of safety of food and food production systems and of other products which may affect the safety of food while improving the sustainability of food production

This objective will be measured through the reduction in the number of cases of diseases in humans in the Union and which are linked to food safety or zoonoses.

Objective 2: Contribute to a higher animal health status in the Union and to support the improvement of the welfare of animals

This objective will be measured through the increase of the number of Member States or regions thereof free from animal diseases for which a financial contribution is granted and by a reduction of disease parameters, such as incidence, prevalence and number of outbreaks.

Objective 3: Contribute to timely detection of pests and their eradication where these have entered into the Union

This objective will be measured through:

- the coverage of the Union territory by surveys for pests, in particular for pests not known to occur in the Union territory and pests considered to be most dangerous for the Union territory; and
- the time and success rate for the eradication of those pests.

Objective 4: Contribute to improve the effectiveness, efficiency and reliability of official controls and other activities carried out in view of the effective implementation of and compliance with the Union rules referred to in Article 1 of the draft Regulation

This objective will be measured through a favourable trend of the outcome of controls in particular areas of concern carried out and reported by Commission experts in the Member States.

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term

The private sector is to be protected from seriously harmful impacts of diseases and pests and hence will contribute fostering growth and job creation in the EU. The provisions of this regulation should support the policy goals for each area, which aim to uphold good animal health, plant health, plant reproductive material health and official controls.

The Regulation will continue to support the implementation of EU action in the field of food safety policy from 2014 onwards. It builds on the results achieved through the existing legislation and on the accelerated impact assessment accompanying this proposal.

1.5.2. Added value of EU involvement

In accordance with the “field-to-table” approach to food and feed safety, this action aims at bringing improvements all along the food chain. This sector is harmonised at EU level and considerable trade takes place between Member States. The EU food and drink industry is the largest manufacturing sector in Europe with an annual turnover in 2009 of 954 billion Euros; it exports some 54 billion Euros of food and drink products to third countries, contributes to a positive trade balance of around 10 billion Euros and employs around 4.2 million people. (Source: Confederation of the food and drink industries of the EU).

Outbreaks of serious animal and plant diseases may cause major direct losses to agriculture and potentially enormous indirect losses to the European economy. Such problems can rapidly spread between Member States and involve the entire EU market. The recent occurrence of Bluetongue in much of Europe, which caused substantial losses, is an important reminder of the unpredictability and severity of animal disease outbreaks.

The objective of the EU intervention is to minimise the impact on human and animal health and markets and to reduce risks all along the food chain through preventive actions and the management of crises.

An EU contribution is made towards national programmes aimed at improving animal health or eradicating those diseases that affect people or whose presence can cause major social, economic and political impacts. Eradication, surveillance and monitoring programmes are necessary to reduce this risk for public and/or animal health to an acceptable level. EU wide surveillance is also carried out for diseases such as avian influenza and transmissible spongiform encephalopathies (TSE).

Financial contribution for emergency measures (emergency fund) is available to assist Member States in dealing with animal disease crises and vaccine banks have been established and are kept stocked to maintain a supply of vaccines for emergency use.

Funds are also provided to support any Member State which is the victim of an emergence of organisms harmful to plants, especially in the face of increased trade between Member States and with other countries. This affects not just the food industry but also industry in general because of the possible impact of some plant harmful organisms on wood and wood packaging material e.g. pallets.

In addition a network of European Union Reference Laboratories is funded to ensure better preparedness and to provide scientific support at EU level to the Commission and the Member States. This contributes to the harmonisation of the diagnostic practices at EU level. The action also comprises a training programme (BTSF – Better Training for Safer Food

programme) for staff of competent authorities, both within and outside the EU to ensure the proper implementation of EU standards.

1.5.3. *Lessons learned from similar experiences in the past*

The problems of the current legal framework primarily concern the need to amend that framework to the changed sectorial needs identified in the respective reviews. Those needs should be reflected in the future legislation, irrespective of whether the provisions concerning expenditures are positioned in the sectorial acts or brought together in a single horizontal act.

Driver 1: The current legal framework is too complex

The current lack of clarity in funding rates presents Member States with a great deal of uncertainty when planning. Therefore, this regulation foresees three maximum rates: 50, 75 and 100%. The 100% funding rate is applied for the purchase of vaccines and the eligible costs of the EU reference laboratories; the 75 % rate would apply to eligible expenses for Member States whose most recent gross national income per inhabitant is less than 90% of the Union average; the 50% rate applies to the other eligible expenses; it is considered as the basic rate from 2014 onwards.

In addition, the provisions regarding the various financial provisions are currently found in a number of different legislative instruments. This issue will be solved by grouping these provisions in one single legal base. The proposed minimum level of 50 000 euro per grant will definitely simplify the budgetary management for the administrations in the Member States and the European institutions.

Driver 2: The existing financial management tools are not complete

The existing financial provisions do not set clear and consistent objectives and indicators.

The definition of eligible measures and associated costs is unclear. A 2012 internal audit report recommended that they be clarified and simplified.

All of these factors contribute to a situation where the system is over-complex and error rates are too high. A recent survey of MSs representatives found that the multiannual and annual programme planning framework is regarded as burdensome. The annual cycle of plan preparation, appraisal, approval, adoption and reporting is resource-intensive and involves a high degree of year-on-year repetition.

1.5.4. *Coherence and possible synergy with other relevant instruments*

It is crucially important that the proposal currently under consideration also remains consistent with other EU policies. At a high level, this means supporting the objectives of EU 2020 and the multiannual financial framework. Perhaps most importantly, it is crucial that the financial framework supports the economic recovery through promotion of trade and other important economic activity. In other areas, it will be important to ensure that feed and food safety policy supports and complements, and does not overlap or undermine, other EU policies. This is particularly true in the areas of agriculture and trade. The new proposals for the common agricultural policy support the same sorts of general objectives as the current draft regulation in question, but different specific objectives and via different means. It is also crucial that the draft continues to support European trade and is consistent with existing and future trade rules. There is some consideration needed of marine policy, when the financial framework supports the prevention or eradication of diseases affecting aquaculture animals, for example. And it is important to be mindful of the objectives of environmental policies lastly, there are strong

links between other policies such as public health, animal welfare, and others, which must be co-ordinated with.

1.6. Duration and financial impact

- Proposal/initiative of **limited duration**
 - Proposal/initiative in effect from 01/01/2014 to 31/12/2020
 - Financial impact from 2014 to 2020 (commitment appropriations)
- Proposal/initiative of **unlimited duration**
 - Implementation with a start-up period from YYYY to YYYY,
 - Followed by full-scale operation.

1.7. Management mode(s) envisaged³²

- Centralised direct management** by the Commission
- Centralised indirect management** with the delegation of implementation tasks to:
 - executive agencies
 - bodies set up by the Communities³³
 - national public-sector bodies/bodies with public-service mission
 - persons entrusted with the implementation of specific actions pursuant to Title V of the Treaty on European Union and identified in the relevant basic act within the meaning of Article 49 of the Financial Regulation
- Shared management** with the Member States
- Decentralised management** with third countries
- Joint management** with international organisations

If more than one management mode is indicated, please provide details in the "Comments" section.

Comments

Executive agency EAHC: In accordance with 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 programmes³⁴, the Commission has entrusted³⁵ the Executive Agency for Health and Consumers with implementation tasks for the management of the Better Training for Safer Food (BTFS) policy for 2007-2013. The Commission may therefore decide to entrust the Executive Agency for Health and Consumers also with implementation tasks for the management of the BTFS programme 2014-2020.

³² Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html

³³ As referred to in Article 185 of the Financial Regulation.

³⁴ OJ L 11, 16.1.2003, p. 1.

³⁵ Commission Decision C(2008)4943 of 9 September 2008.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Currently, the EAHC manages expenditure for the Better Training for Safer Food programme. All remaining expenditure is directly managed by the Commission. More attention will be paid to the analysis of the presented veterinary and phytosanitary programmes; the 2013 veterinary programmes were for the first time submitted to an external evaluation; it will be further developed in coming years. Performance indicators are currently under development; they will be useful for the evaluation of the programme's achievements.

By the end of 2018, an evaluation report shall be established by the Commission on the achievement of the objectives of the measures (at the level of results and impacts), the efficiency of the use of resources and its European added value, in view of a decision on the renewal, modification or suspension of the measures. The evaluation shall additionally address the scope for simplification, the continued relevance of all objectives, as well as the contribution of the measures to the Union priorities of smart, sustainable and inclusive growth. It shall take into account evaluation results on the long-term impact of the predecessor measures.

Furthermore, no later than mid-2022, an ex-post evaluation will be carried out.

The Commission shall communicate the results of those evaluations, accompanied by its comments, to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions.

2.2. Management and control system

2.2.1. Risk(s) identified

The majority of the funds is directed to the Member States.

The main elements of the implementation of the budget are the following:

By means of implementing acts, common or separate annual work programmes will be adopted for the implementation of the financial contribution to official controls and other activities. The above annual work programmes shall set out the objectives pursued, the expected results, the method of implementation and their total amount. They shall also contain a description of the measures to be financed, an indication of the amount allocated to each measure and an indicative implementation timetable. They shall include for grants the priorities, the essential evaluation criteria and the funding rate.

For the implementation of the eradication, survey and monitoring programmes in the animal and plant health area the Commission will by 30 January each year and, following evaluation of the programmes submitted, approve the programmes subject to any condition where appropriate and decide on the amount of the grant. In the case of approval of multiannual programmes, budgetary commitments may be divided into annual instalments. If so, each year the Commission shall commit the annual instalments taking into account the progress of the programmes, the estimated needs and the budget available.

For the implementation of emergency measures in the in the animal and plant health area or where it is necessary to respond to unforeseeable developments, the Commission shall adopt ad hoc financing decisions.

On top of that a number of service contracts will be attributed.

The main risks are the following:

- as regards official controls, risk of poor implementation reducing the effectiveness of the measures co-financed;
- inefficient or non-economic use of funds for the eradication programmes and the emergency measures due to complexity of reimbursing actual eligible costs coupled with limited possibilities to check eligible costs from the desk.

2.2.2. *Control methods envisaged*

In general, all financial transactions (commitments, payments, recovery orders, etc.) and contracts/grant agreements related to the food and feed expenditure policy are checked, authorised and signed by the sub-delegated authorising officers in charge of the activity. Each sub-delegated authorising officer is assisted by a decentralised financial cell which verifies and completes the files of the financial transactions and contracts/grant agreements before they are signed. Operational initiation and verification is carried out by members of staff of the responsible Unit.

In addition, the central financial cell performs a second level ex-ante desk verification, based on a sample of transactions. Furthermore, the DG's centralised on-the-spot control team verifies on the site the eligibility of the costs claimed at beneficiary's level. DG SANCO is also making use of a specialised company in the organisation of ex post controls.

Grants: Having regard to the above mentioned framework on the one hand and to the fact that the bulk of the beneficiaries of the EU grants are public identities, the risk of irregularities can be considered as very limited. Finalised granted projects will be subject to ex post controls. The strategy of ex-post audit will be: (a) to combine the risk assessment and ad random selection in order to avoid a too rigid selection process, and (b) to pay attention to operational aspects whenever possible during the on-the-spot audit.

Service contracts: DG SANCO concludes service contracts directly with service providers. The contractors are selected on the basis of call for tender procedures, in full respect of the Financial Regulation. Contracts above a certain ceiling are subject to in depth control by a DG SANCO public procurement committee. DG SANCO uses the standard contracts proposed by the Commission which provides for the possibility to run ex post controls. However, as the amounts of the contracts are fixed, the risks of financial errors are reduced and the number of ex post controls on service contracts very limited.

2.3. **Measures to prevent fraud and irregularities**

The Commission shall take appropriate measures ensuring that, when actions financed under this Regulation are implemented, the financial interests of the European Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportional and deterrent penalties, in accordance with Article 325 of the Treaty on the Functioning of the European Union, Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities' financial interests and Article 58 of the Financial Regulation.

The Commission or its representatives and the Court of Auditors shall have the power of audit, on the basis of documents and on-the-spot, over all grant beneficiaries, contractors and subcontractors who have received Union funds. OLAF shall be authorised to carry out on-the-spot checks and inspections on economic operators concerned directly or indirectly by such funding in accordance with the procedures laid down in Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 with a view to establishing that there has been fraud,

corruption or any other illegal activity in connection with a grant agreement or decision or a contract concerning Union funding.

Without prejudice to the previous sub-paragraphs, decisions, agreements and contracts resulting from the implementation of the Regulation shall expressly entitle the Commission, including OLAF, and the Court of Auditors to conduct such audits, on-the-spot checks and inspections.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing expenditure budget lines (renumbered for new nomenclature for 2014-2020)
- New budget lines requested (new nomenclature 2014-2020).

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
			from EFTA ³⁶ countries	from candidate countries ³⁷	from third countries	within the meaning of Article 18(1)(aa) of the Financial Regulation
3	17 01 04 03 Administrative expenditure in support of the plant health measures, feed and food safety, animal disease eradication and emergency fund	Diff./non-diff.	YES / NO	YES / NO	YES / NO	YES / NO
3	17 01 06 03 Administrative expenditure in support of the Executive Agency for Health and Consumers	Diff./non-diff.	YES / NO	YES / NO	YES / NO	YES / NO
3	17 04 01 Financial contribution ensuring a higher animal health status and high level of protection of animals in the Union	Diff./non-diff.	YES / NO	YES / NO	YES / NO	YES / NO
3	17 04 02 Financial contribution ensuring timely detection of harmful organisms for plants and their eradication	Diff./non-diff.	YES / NO	YES / NO	YES / NO	YES / NO
3	17 04 03 Financial contribution ensuring effective, efficient and reliable controls	Diff./non-diff.	YES / NO	YES / NO	YES / NO	YES / NO
3	17 04 04 Emergency measures related to animal and plant health	Diff./non-diff.	YES / NO	YES / NO	YES / NO	YES / NO
4	17 04 10 International agreements	Diff./non-diff.	YES / NO	YES / NO	YES / NO	YES / NO

³⁶ EFTA: European Free Trade Association.

³⁷ Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

(in current prices)

EUR million (to 3 decimal places)

Heading of multiannual financial framework:	3	Security and citizenship
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DG: SANCO			Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Year >2020	TOTAL
Operational appropriations											
17 04 01 Contributing to a higher animal health status and high level of protection of animals in the Union	Commitments	(1)	180,000	178,500	177,000	175,000	171,500	171,500	171,000		1,224,500
	Payments	(2)	10,000	165,000	163,000	161,000	157,000	158,000	159,000	251,500	1,224,500
17 04 02 Contributing to timely detection of harmful organisms for plants and their eradication	Commitments	(1)	5,000	10,000	14,000	19,000	25,000	28,500	30,500		132,000
	Payments	(2)	3,000	9,000	12,000	17,000	22,000	25,000	26,000	18,000	132,000
17 04 03 Contributing to improve the effectiveness, efficiency and reliability of controls	Commitments	(1)	45,724	47,360	50,401	53,558	57,520	60,021	62,162		376,746
	Payments	(2)	18,000	45,000	48,000	50,000	52,000	55,000	58,000	50,746	376,746

17 04 04 Emergency measures related to animal and plant health	Commitments	(1)	20,000	20,000	20,000	20,000	20,000	20,000	20,000		140,000
	Payments	(2)	10,000	20,000	20,000	20,000	20,000	20,000	20,000	10,000	140,000
Appropriations of an administrative nature financed from the envelope for specific programmes (former "BA" lines, indirect and direct research)											
17 01 04 03 Support expenditure in the field of food and feed safety, animal health, animal welfare and plant health	(3)										
17 01 06 03 Executive Agency for Health and Consumers – Contribution in the field of food and feed safety, animal health, animal welfare and plant health		2,670	2,670	2,670	2,670	2,670	2,670	2,670	2,670		18,690
TOTAL appropriations for DG SANCO	Commitments	=1+3	253,394	258,530	264,071	270,228	276,690	282,691	286,332		1,891,936
	Payments	=2+3	43,670	241,670	245,670	250,670	253,670	260,670	265,670	330,246	1,891,936
TOTAL operational appropriations	Commitments	(4)	250,724	255,860	261,401	267,558	274,020	280,021	283,662		1,873,246
	Payments	(5)	41,000	239,000	243,000	248,000	251,000	258,000	263,000	330,426	1,873,246
TOTAL appropriations of an administrative nature financed from the envelope for specific programmes			(6)	2,670	2,670	2,670	2,670	2,670	2,670		18,690
TOTAL appropriations under HEADING 3 of the multiannual financial framework	Commitments	=4+6	253,394	258,530	264,071	270,228	276,690	282,691	286,332		1,891,936
	Payments	=5+6	43,670	241,670	245,670	250,670	253,670	260,670	265,670	330,246	1,891,936

An amount of EUR 5 million linked to climate change is earmarked in the 2014 draft budget, in particular for the eradication of bluetongue and Schmallenberg disease

Heading of multiannual financial framework:	5	Administrative expenditure
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EUR million (to 3 decimal places)

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	TOTAL
DG: SANCO								
<u>Human Resources</u>	3,349	3,349	3,349	3,349	3,349	3,349	3,349	23,446
Other administrative expenditure	6,121	6,243	6,368	6,495	6,625	6,758	6,893	45,503
TOTAL	9,470	9,593	9,717	9,845	9,975	10,107	10,242	68,949
	Appropriations							
TOTAL appropriations under HEADING 5 of the multiannual financial framework	(Total commitments = total payments) 9,470	9,593	9,717	9,845	9,975	10,107	10,242	68,949

EUR million (to 3 decimal places)

		Year								
		2014	2015	2016	2017	2018	2019	2020	>2020	TOTAL
TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework	Commitments	262,865	268,123	273,789	280,073	286,665	292,799	296,575		1,960,886
	Payments	53,141	251,263	255,388	260,515	263,645	270,778	275,913	330,246	1,960,886

It should be recalled that the amounts mentioned under point 3.2.1 are maximum amounts and the annual needs will be assessed every year within the overall maximum amount.

3.2.2. *Estimated impact on operational appropriations*

- The proposal/initiative does not require the use of operational appropriations
- The proposal/initiative requires the use of operational appropriations, as explained below (Commitment appropriations in EUR million (to 3 decimal places))

SPECIFIC OBJECTIVE No 1 – Contribute to a high level of safety of food and food production systems and of other products which may affect safety of food while improving the sustainability of food production

Expenses related to the realisation of this objective are integrated in those linked to measures taken under the objective number 2 to 4.

SPECIFIC OBJECTIVE No 2 – Contribute to a higher animal health status in the Union and to support the improvement of the welfare of animals

Objectives and outputs			Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	TOTAL								
	OUTPUTS																	
	Type of output	Average cost of the output	Number of outputs	Cost	Number of outputs	Cost	Total number of outputs	Total cost										
	- Output	Programmes for the eradication, control and surveillance of diseases and zoonoses	+/- 1,4 million	+/- 120	170	+/- 120	168	+/- 120	166	+/- 120	163	+/- 120	159	+/- 120	158	+/-120	157	+/- 840
- Output	Other veterinary measures and purchase of vaccines/antigens	+/- 2,38 million	+/- 5	10	+/- 5	10,5	+/- 5	11	+/- 5	12	+/- 5	12,5	+/- 5	13,5	+/- 5	14	+/- 35	83,5
Sub-total for specific objective No 2				180,0		178,5		177,0		175,0		171,5		171,5		171		1,224,5

SPECIFIC OBJECTIVE No 3 – Contribute to timely detection of pests and their eradication where those pests have entered into the Union

Objectives and outputs			Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	TOTAL								
	OUTPUTS																	
	Type of output	Average cost of the output	Number of outputs	Cost	Number of outputs	Cost	Number of outputs	Cost	Number of outputs	Cost	Number of outputs	Cost	Number of outputs	Cost	Number of outputs	Cost	Total number of outputs	Total cost
	- Output	Surveillance programmes	+/-0,9	5	5,0	13	9,0	16	13,0	20	18,0	24	24,0	27	27,0	31	29,0	136
-Output	Seeds	0,600	-	-	2	1,0	2	1,0	2	1,0	2	1,0	2	1,5	2	1,5	12	7,0
Sub-total for specific objective No 3				5,0		10,0		14,0		19,0		25,0		28,5		30,5		132,0

SPECIFIC OBJECTIVE No 4 – Contribute to improve the effectiveness, efficiency and reliability of controls

Objectives and outputs			Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	TOTAL								
	OUTPUTS																	
	Type of output	Average cost of the output	Number of outputs	Cost	Total number of outputs	Total cost												
- Output	Laboratories and centres	0,330	45	15	45	15,5	47	16	48	16,5	51	17	55	18	56	18,8	345	116,8
Output	BTSF	0,150	95	15	100	15,5	105	16	105	16,5	116	17,5	122	18	127	19	770	117,5
- Output	Communication	0,25	8	2,0	8	2,0	8	2,0	10	2,5	10	2,5	10	2,70	10	2,70	64	16,4
- Output	National experts	0,005	125	0,5	125	0,5	125	0,6	125	0,6	125	0,7	125	0,7	125	0,7	875	4,3
- Output	Alert systems and IT tools	1,300	6	8	7	8	7	8,5	7	9	7	9,5	7	10	8	10	49	63,0
- Output	Data collection	0,500	4	2	5	2,5	6	3	7	3,5	9	4,5	9	4,5	9	4,5	49	24,5
- Output	International organisations	0,370	3	1,0	3	1,0	4	1,5	4	1,5	4	1,5	4	1,8	6	2,0	28	10,3
- Output	Studies and evaluations	0,300	7	2,224	7	2,360	9	2,901	10	3,358	12	4,320	12	4,321	13	4,462	70	23,946
Sub-total for specific objective No 4				45,724		47,360		50,401		53,558		57,520		60,021		62,162		376,746

SPECIFIC OBJECTIVES No 2 and 3 - Emergency measures related to animal and plant health

Objective s and outputs			Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	TOTAL										
	OUTPUTS																			
	Type of output	Average cost of the output	Number of outputs	Cost	Total number of outputs	Total cost														
	Output	Emergencies animal health and plant health		*	20,0	*	20,0	*	20,0	*	20,0	*	20,0	*	20,0	*	20,0	*	20,0	*
Sub-total for specific objective No 2 and 3				20		20		140												

* number of outputs unknown: depends on the number of outbreaks

	Year 2014		Year 2015		Year 2016		Year 2017		Year 2018		Year 2019		Year 2020		TOTAL	
TOTAL COST		250,724		255,860		261,401		267,558		274,020		280,021		283,662		1,873,246

It should be recalled that the amounts mentioned under point 3.2.2 are maximum amounts and the annual needs will be assessed every year within the overall maximum amount.

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.3.1. Summary

- The proposal/initiative does not require the use of administrative appropriations
- The proposal/initiative requires the use of administrative appropriations, as explained below:

EUR million (to 3 decimal places)

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	TOTAL
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HEADING 5 of the multiannual financial framework								
Human resources	3,349	3,349	3,349	3,349	3,349	3,349	3,349	23,446
Other administrative expenditure	6,121	6,243	6,368	6,495	6,625	6,758	6,893	45,503
Subtotal HEADING 5 of the multiannual financial framework	9,470	9,593	9,717	9,845	9,975	10,107	10,242	68,949

Outside HEADING 5³⁸ of the multiannual financial framework								
Human resources	xx	xx						
Other expenditure of an administrative nature	xx	xx						
Subtotal outside HEADING 5 of the multiannual financial framework	2,670	18,690						

TOTAL	12,141	12,263	12,388	12,515	12,645	12,778	12,913	87,640
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The above figures will be adjusted in accordance with the results of the envisaged externalisation process.

³⁸ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former "BA" lines), indirect research, direct research.

3.2.3.2. Estimated requirements of human resources

- The proposal/initiative does not require the use of human resources
- The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full amounts (or at most to one decimal place)

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020
• Establishment plan posts (officials and temporary agents)							
XX 01 01 01 (Headquarters and Commission's Representation Offices)	24,5	24,5	24,5	24,5	24,5	24,5	24,5
XX 01 01 02 (Delegations)							
XX 01 05 01 (Indirect research)							
10 01 05 01 (Direct research)							
• External personnel (in Full Time Equivalent unit: FTE)³⁹							
XX 01 02 01 (CA, INT, SNE from the "global envelope")	2	2	2	2	2	2	2
XX 01 02 02 (CA, INT, JED, LA and SNE in the delegations)							
XX 01 04 yy ⁴⁰	- at Headquarters ⁴¹						
	- in delegations						
XX 01 05 02 (CA, INT, SNE - Indirect research)							
10 01 05 02 (CA, INT, SNE - Direct research)							
Other budget lines (specify)							
TOTAL	26,5	26,5	26,5	26,5	26,5	26,5	26,5

XX is the policy area or budget title concerned.

Currently the management of expenditure in the field of food chain, animal health and welfare, and on plant health and plant reproductive material (food and feed expenditure) covered by proposal SANCO/11220/2012 Rev.1 is executed by 28,5 FTE's. Nevertheless it is expected that from 2014 onwards 26,5 FTE will suffice. This number includes only staff of DG SANCO.

These figures only relate to the staff for the management of the 'food and feed' expenditure and, therefore, staff working for the operational implementation of the sectoral policies is not included. However, the revision of the legislative framework for the sectoral policies (animal health, pests, plant reproductive materials and controls) that are also proposed at the same time as this financial framework regulation has no additional impact on financial and human resources above that what is indicated in this common Legislative Financial Statement.

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of the budgetary constraints.

³⁹ CA= Contract Agent; INT= agency staff ("*Intérimaire*"); JED= "*Jeune Expert en Délégation*" (Young Experts in Delegations); LA= Local Agent; SNE= Seconded National Expert.

⁴⁰ Under the ceiling for external personnel from operational appropriations (former "BA" lines).

⁴¹ Essentially for Structural Funds, European Agricultural Fund for Rural Development (EAFRD) and European Fisheries Fund (EFF).

Description of tasks to be carried out:

<p>Officials and temporary agents</p>	<ul style="list-style-type: none"> • Co-ordinate, draft and organise the adoption procedure for the annual work programmes (financing decisions), including consultation of a Member States committee • Follow up / monitor programming and implementation of financial activities according to the budgetary and financial rules in force; contribute to activity reports • Prepare and maintain information tools; provide information for internal and external audits • Establish and verify payments, commitments, and procurement/grant files; ensure they comply with the contract terms, and financial rules/regulations • Assure proper accounting of the financial transactions • Monitor deadlines of payments in accordance with the financial regulation and rules, as well as work-flows of individual financial files • Prepare and provide training to external organisations regarding applications to calls for proposals • Communicate relevant information to the contractors and beneficiaries throughout the project time • Launch, manage and monitor calls for proposals / tenders, evaluation and selection of projects • Follow up the implementation of projects and the performance of project managers and partners, monitor contractual obligations • Monitor deadlines of payments in accordance with the financial regulation and rules as well as work-flows of individual financial files • Verify the respect of the Financial Regulation, Implementing rules, internal rules on budget execution, Basic Act, Financing decision and other related rules and budgetary dispositions in the financial transactions • Verify the grant agreement / contract with the selected beneficiary / contractor, and its justification • Verify that the methodology, including eligibility, selection criteria and award criteria were correctly applied in the selection process and that the selection process was carried out in accordance with the rules • Check correctness of commitment processes
<p>External personnel</p>	<ul style="list-style-type: none"> • Prepare and maintain information tools; provide information for internal and external audits • Establish and verify payments, commitments, and procurement/grant files; ensure they comply with the contract terms, and financial rules/regulations • Assure proper accounting of the financial transactions • Monitor deadlines of payments in accordance with the financial regulation and rules, as well as work-flows of individual financial files • Prepare and provide training to external organisations regarding applications to calls for proposals • Communicate relevant information to the contractors and beneficiaries throughout the project time • Launch, manage and monitor calls for proposals / tenders, evaluation and selection of projects • Follow up the implementation of projects and the performance of project managers and partners, monitor contractual obligations • Monitor deadlines of payments in accordance with the financial regulation and rules as well as work-flows of individual financial files. • Verify the respect of the Financial Regulation, Implementing rules, internal rules on budget execution, Basic Act, Financing decision and other related rules and budgetary dispositions in the financial transactions • Verify the grant agreement / contract with the selected beneficiary /

	<p>contractor, and its justification</p> <ul style="list-style-type: none">• Verify that the methodology, including eligibility, selection criteria and award criteria were correctly applied in the selection process and that the selection process was carried out in accordance with the rules• Check correctness of commitment processes
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3.2.4. *Compatibility with the current multiannual financial framework*

- Proposal/initiative is compatible with the 2014-2020 multiannual financial framework as proposed by the Commission.
- Proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

NOT APPLICABLE

- Proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework⁴².

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

NOT APPLICABLE

3.2.5. *Third-party contributions*

- The proposal/initiative does not provide for co-financing by third parties
- The proposal/initiative provides for the co-financing estimated below:

Appropriations in EUR million (to 3 decimal places)

	Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020	Total
Specify the co-financing body								
TOTAL appropriations cofinanced								

⁴² See points 19 and 24 of the Interinstitutional Agreement.

3.3. Estimated impact on revenue

- Proposal/initiative has no financial impact on revenue.
- Proposal/initiative has the following financial impact:
 - on own resources
 - on miscellaneous revenue

EUR million (to 3 decimal places)

Budget revenue line:	Appropriations available for the ongoing budget year	Impact of the proposal/initiative ⁴³						
		Year 2014	Year 2015	Year 2016	Year 2017	Year 2018	Year 2019	Year 2020
Article								

For miscellaneous assigned revenue, specify the budget expenditure line(s) affected.

NOT APPLICABLE

Specify the method for calculating the impact on revenue.

NOT APPLICABLE

⁴³ As regards traditional own resources (customs duties, sugar levies), the amounts indicated must be net amounts, i.e. gross amounts after deduction of 25% for collection costs.