



Conference on the CAHP Strategy, Brussels

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*CAHP evaluation: main conclusions & options
for the future*

by the

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CAHP evaluation (June 2005- July 2006)

Objectives:

- to assess the performance of the CAHP during the past decade;
- to serve as basis for reflection on future policy options ➡ Commission's preparation of an Animal Health Strategy for 2007-13

CAHP evaluation

Extensive stakeholder consultation through:

- a wide EU survey (600+ recipients; 100+ respondents)
- separate survey of 34 third countries
- specific survey of insurers & 3 MS case-studies on cost-sharing schemes
- over 100 interviews with relevant authorities and stakeholders at EU and MS level (7 MS)

CAHP evaluation

General comments:

- Complexity and breadth of subject matter
- Interdependence of issues
- Range of interests and stakeholders (civil/legal)

CAHP evaluation

Themes covered:

- Intra-Community trade
- EU control and eradication programmes
- Community import regime
- Disease monitoring and surveillance
- Traceability
- Research and scientific advice
- Horizontal (cross-cutting) issues e.g. protection of public health
- Financial aspects

CAHP evaluation: the past (1995 – 2004)

Key overall messages

CAHP evaluation: key messages /1

- During 1995-2004, CAHP **increasingly successful**:
 - Although mainly crisis-driven, positive results: e.g. reduction in prevalence for key animal diseases.
 - Improved structure for response to crises, following the CSF, FMD and AI crises relevant "vertical" legislation was revised/updated, taking into account the lessons learnt (including on vaccination and contingency planning).
 - Commission's role increasingly widely accepted both within the EU and internationally.

CAHP evaluation: key messages /2

- Having said this policy appears as:
 - a series of interrelated actions/actors at institutional & civil society level operating under a large umbrella of legislation and formal/informal networks ...
... but
 - without a definition of strategy for the whole and limited assessment of actions taken in terms of performance review and feedback.

CAHP evaluation: key messages /3

- The evaluation has highlighted the many **linkages inherent in the policy**:
 - e.g. between what happens in third countries, what happens at EU borders, and what actions are taken to secure animal health status within the EU.
 - e.g. between actions to improve animal health and welfare in the EU and to fulfil the Lisbon criteria / maintain/achieve international competitiveness.

CAHP evaluation: key messages /4

- **Subsidiarity** issues a central underlying theme:
 - With principles and rules laid down at EU level but implemented by MS, subsidiarity is key in allowing flexibility at MS/regional/ local level.
 - Enforcement issues often critical; in this context, the Commission's role is crucial in guaranteeing a common approach and standards across the Community.

CAHP evaluation

Conclusions per theme 1995 - 2004

Intra-Community trade: key conclusions /1

Main **policy objectives** fulfilled:

- By and large free circulation achieved in last decade for SOE and animal products.
- For live animals move towards freer circulation.
- Limiting spread of animal disease also largely achieved.
- Regionalisation policy: useful additional tool.

Intra-Community trade: key conclusions /2

However,

- Concern over continuing lack of uniformity in certification procedures/veterinary checks across EU.
- Clear division of opinion between MS/stakeholders on additional guarantees: are they necessary/desirable?
- Limited robust cost-benefit analysis of measures in already in place or to be adopted.

Intra-Community trade: key conclusions /3

Objectives:

- Issue of balance between free circulation and maintenance of AH status (live animals).
- Live animal movement a major risk factor contributing to disease spread.
- Ultimately, achieving more uniform AH status across the EU, or agreeing on additional guarantees where justified (e.g. diseases with human health impact?), would overcome this issue.

EU control & eradication programmes: key conclusions /1

Main **policy objectives** fulfilled:

- Progressive eradication from large areas of the Community of most diseases targeted by EU co-funded programmes over evaluation period.
- Significant expansion in disease-free zones.

EU control & eradication programmes: key conclusions /2

However:

- Results tend to vary between diseases and regions: assess programme effectiveness at regional rather than MS level.
- Eradication more effective for some diseases [e.g. rabies, ASF (except Sardinia), AHS, CSF (except Germany)].
- For TB, brucellosis & leucosis results are mixed despite considerable overall investment: public health implications of concern to stakeholders.

EU control & eradication programmes: key conclusions /3

In response:

- Need for regional focus, identified by SANCO and MS, with programme priority in second half of evaluation period on key problem regions and diseases.
- Programme selection and monitoring also improved, with more effective linkage to past performance and deliverables – further improvements on the way.

EU control & eradication programmes: key conclusions /4

Outstanding issues:

- Absolute efficiency per programme/measure difficult to assess due to absence of cost/benefit analysis and lack of clear quantifiable indicators ➡ implications for allocation of funds between diseases.
- Lack of appropriate tools (e.g. diagnostics, vaccines) another major reason for limited results ➡ need for more (EU funded) research in this field.
- MS implementation: limited results in some cases suggest scope for Commission to apply more effective guidance/sanctions.

EU control & eradication programmes: key conclusions /5

In response:

- As from 2006 multi-annual programming should improve direction (prioritisation) and effectiveness of spending.

EU control & eradication programmes: key conclusions /6

Added value of EU intervention:

- Actions at Community level offer significant added value for diseases with a need for EU coordinated action.
- Co-financing (at 50%) appropriate (but need more resources in SANCO to coordinate effectively).
- Potential scope for use of different co-financing rates, depending on disease/ programme relevance and importance for the EU as a whole.

EU control & eradication programmes: key conclusions /7

Objectives:

- Eradication significantly harder to attain than reduction in disease prevalence.
- Reduction increases in difficulty when target moves higher.

➔ *Are programme targets too ambitious?*

Community import regime: key conclusions /1

Border controls:

- Community system of border controls rigid, mainly geared towards declared imports.
- Illegal/fraudulent/undeclared imports major source of concern (although definite link and extent of risk difficult to prove): current system not considered to be adequately addressing this.

Community import regime: key conclusions /2

Border controls (cont'd):

- System weakened by deficiencies in legislation, MS implementation, and cooperation between relevant competent authorities at both EU and MS level.
- Implementation of border controls (BIPs) considered uneven across the EU.

Community import regime: key conclusions /3

Third country certification:

- Works reasonably well and has provided incentive to third countries to upgrade standards (TC survey).
- However, reliability of procedures a key prerequisite: more recently some concerns raised on this.

Community import regime: key conclusions /4

International agreements:

- EU widely considered to be substantially aligned to international commitments.
- Regionalisation policy appreciated and beneficial to developing countries.

Community import regime: key conclusions /5

BIPs:

- No cost benefit analysis or economic criteria for selection of BIPs.
- However, EU funding is relatively limited (except in the NMS).
- Lack of necessary infrastructure/equipment and human resources are key reasons for wide variation in quality and effectiveness of border controls between BIPs.

Community import regime: key conclusions /6

Listing of third countries and establishments:

- Limited resources in SANCO (FVO) compared to scale of task (many countries/ products, situation highly changeable over time).
- In some cases, effort disproportionate to potential value of trade flows.
- Difficult to establish whether efficiency of process has improved/worsened (lack of data, and limited comparability).

Disease monitoring and surveillance: key conclusions /1

- Overall, effective and rapid detection and response to exotic diseases / new emerging risks.
- Effectiveness depends on disease:
 - in some cases diseases rapidly detected and outbreak kept under control (e.g. AI, NCD);
 - in others, insufficient control of disease spread (e.g. FMD 2001, CSF);
 - in certain cases, it remains technically difficult to control a disease (e.g. bluetongue, ASF).

Disease monitoring and surveillance: key conclusions /2

- EU surveillance network/ notification provisions adequate. ADNS and RASFF widely appreciated and work well.
- Crisis management at central (Commission) level needs to improve, including supervision of MS emergency plans and quick mobilisation of experts.

Disease monitoring and surveillance: key conclusions /3

- Emergency actions attract a significant share of the CAHP budget (Decision 90/424). Some years, total expenditure on emergency measures (especially when EAGGF funds are added) dwarfs CAHP budget.
- This inevitably raises efficiency questions, including extent to which it might act as a disincentive to MS to focus on preventive action.

Disease monitoring and surveillance: key conclusions /4

- Range of views on effectiveness of vaccination, depending on disease. Consumer acceptance / threat of trade blocks still major issues impeding application in spite of significant expenditure on vaccine and reagent banks.
- Hitherto, lack of cost-benefit analysis on vaccination.

Disease monitoring and surveillance: key conclusions /5

Added value of EU intervention:

- The EC has a unique co-ordinating role to play, due to international nature of epizootic risk and EU wide nature of economic consequences.
- Value of EC role to increase in future in the context of globalisation and increases in trade volumes.

Communication with external stakeholders: key conclusions

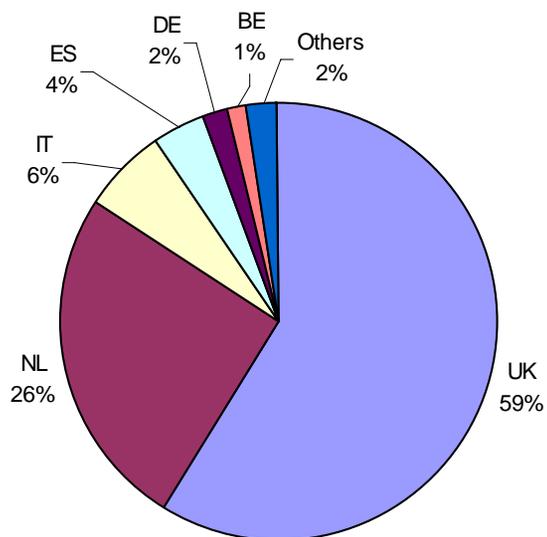
- Complex and varied CAHP issues may not be well understood/ not readily understandable
 - Does policy tend to be crisis-driven partly due to perceived public pressure based on media information/ misinformation?
- ➔ *Are objectives and issues surrounding policy currently adequately communicated to public/media?*

Financial aspects: key conclusions /1

- Overall, during last decade, budget allocation only partly adapted to CAHP needs, particularly on eradication programmes and between diseases.
- Emergency measures have tended to take up a disproportionate & unpredictable share of overall budget.
- Consequently policy seen as insufficiently focused on prevention activities
- Regional imbalance in terms of emergency funds

Financial aspects: key conclusions /3

Breakdown of veterinary emergency funds payments per MS (% of total)

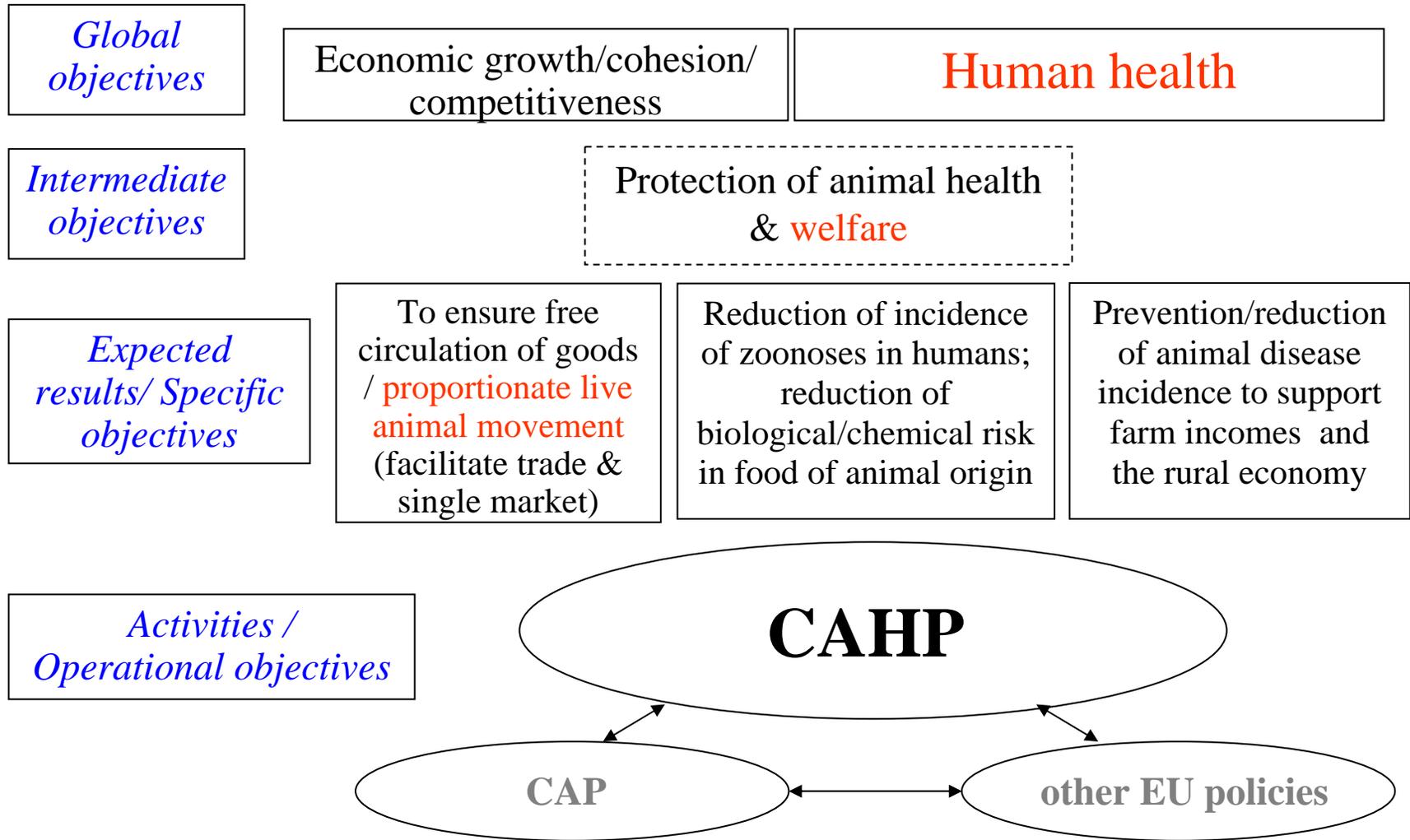


- During 1997-2005, 85% of expenditures of “Veterinary Fund” were spent in two MS.
- Transfer of funds from low-risk to high-risk areas may provide adverse incentives.

CAHP evaluation: the future

Key options/recommendations 2007-2013

CAHP global intervention logic (future)



The future: key recommendations /1

- Promote stronger culture of **bio-security** at all levels:
 - a harmonised framework for cost and responsibility sharing would be a key component;
 - structured so as to allow implementation in line with subsidiarity at MS / regional level;
 - focussed on diseases of high ‘public relevance’ in terms of potential impact (human health and economic), which need coordinated EU action.

The future: key recommendations /2

- More **risk management/disease prevention**, via:
 - improved risk based targeting of funding (using cost effectiveness and cost benefit analysis);
 - better prioritisation of actions (e.g. for disease eradication and surveillance, R&D etc.);
 - more targeted measures and incentives at all levels;
 - early detection of exotic and new/emerging disease threats, including controls on illegal entry of potentially risk carrying materials.

The future: key recommendations /3

- Specific issues for further consideration include:
 - *Improve alignment to OIE guidelines/standards;*
 - *Gradual move to integrated electronic identification and certification procedures for intra-Community trade;*
 - *Support for bio-security measures at farm level via existing funds;*
 - *Assist third countries to upgrade their AH status to meet EU and international (OIE) requirements;*
 - *Negotiate export conditions at Community level;*
 - *Target illegal (commercial) imports/fraud.*

CAHP evaluation: the future

Pre-feasibility study on harmonised schemes for the sharing of responsibilities and costs of epidemic livestock diseases

Starting point: Six criteria

- I. Categorisation of animal diseases** – public interest in managing risks of a disease depends on impacts.
- II. Efficient risk transfer and incentive compatibility** – Compensation has to encourage risk-reduction.
- III. Balancing costs and responsibilities** – Public intervention needed. Important: subsidiarity, social aspects.
- IV. Prevention of distortion of competition** – Cost-sharing schemes should be harmonised.
- V. Compatibility with EU requirements** – Take into account EU and WTO requirements for state aid.
- VI. Effectiveness and flexibility of implementation** – Effective while allowing flexibility of implementation.

Main principles of harmonised EU framework

- Compulsory participation of operators in national/regional cost-sharing schemes.
- Need to cover animal diseases with high public relevance (i.e., possible negative impacts on human health or animal health/welfare, wider economy).
- Cost-sharing schemes usually focus on farmers. Other operators from the livestock industry such as traders can be included.
(➡ *Only those operators who are compensated for losses should contribute to a cost-sharing scheme.*)

Contributions to harmonised schemes

- Contributions of operators to cost-sharing scheme have to be adjusted to individual risk
 - Number of animals
 - Species and type of animals
 - Regional risk adjustment
- Bonus system for prevention measures
 - “Safety bonus”
 - “Disease-free bonus”

Compensation payments to operators /1

- Compensation of all financial consequences of production risks directly caused by control measures ordered by veterinary authorities.
(➡ *One category of losses such as value of culled animals may not be indemnified at a different rate than another such as business interruption losses when losses can be transferred by an operator, as this would provide adverse incentives.*)
- Price risks of farmers and consequential losses of other sectors should not be covered by cost-sharing scheme.

Compensation payments to operators /2

- Compensation of operators from the cost-sharing scheme based on animal value at time of culling (as long as it is not higher than pre-crisis values).
- Some losses could be compensated as pre-determined flat-rate, e.g. business interruption losses.
(➡ *the higher the agreed flat-rate, the higher the contribution of the operator.*)
- Penalise late reporting of disease cases (Best practice: reduction of compensation for dead/visibly sick animals. Better: disease-specific acceptable prevalence rate).

Overview compensation payments to operators

Cost / Loss category	Description	Compensation by cost sharing scheme
<i>Prevention costs</i>	Bio-security measures	To be borne by operator, some prevention programmes covered by cost-sharing schemes
<i>Disease outbreak losses caused <u>directly</u> by veterinary restrictions</i>	Stamping-out of infected herds	Partial compensation of animal value depending on time of reporting
	Pre-emptive slaughter / welfare slaughter	Full compensation of animal value
	Emergency vaccination, disinfection, slaughter / rendering costs	Full compensation or flat rate
	Partial loss of animal value due to control measures	Full compensation of loss in animal value
	Business interruption losses	Flat rate (negotiated in advance)
<i>Price risks operators</i>	<i>Not covered by this scheme</i>	
<i>Losses other sectors</i>	<i>Not covered by this scheme</i>	

Implementation of schemes

- Flexibility of implementation at the regional/national level.
- Feasible to combine two options through creating hybrid forms; e.g., possible to combine a public fund with obligatory private insurance covering business interruption losses.
- Public involvement needed for setting up the schemes and supervision. Best practice: operators participate in standard setting.

Public financial contributions

- Level of public financial support for cost sharing schemes (EU+MS) has to be harmonised.
- New possible role for EU “Veterinary fund”:
Support to cost-sharing schemes. Two options:
“peace-time” or loss dependent?
(➡ *Does solidarity mean that low risk areas continue to finance costly disease outbreaks in high-density areas of a few Member States?*)
- Contingency capital needed in case a cost-sharing scheme runs dry. Possible solution is public loan.

Advantages of responsibility/cost-sharing

- Enhances welfare of operators, makes risk of outbreaks more manageable.
- Involves operators more in prevention and outbreak management decision process.
- Is essential for an incentive based approach.
- Efficiency gains by linking the cost-sharing schemes to prevention.
- Contributes to preventing major financial risks for Member States' and Community budgets.