



European  
Commission

# Annual Activity Report 2020

RESEARCH EXECUTIVE AGENCY

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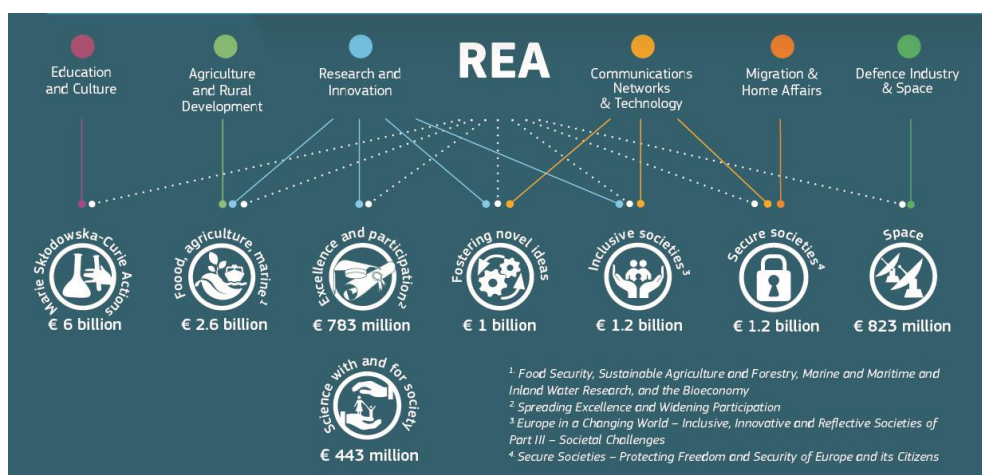
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## THE AGENCY IN BRIEF

The Research Executive Agency (REA), mandated by the European Commission to support EU Research and Innovation policy, funds and assists high-quality research and innovation projects that generate knowledge leading to a greener world, in which Europe has prosperous, inclusive economies and societies that take full advantage of the digital age.

REA was established in 2007 to implement parts of the 7<sup>th</sup> Framework Programme for Research and Technological Development (FP7) and, from 2014 until 2020, parts of the Horizon 2020 Framework Programme for Research and Innovation. REA managed approximately 18% of the Horizon 2020 budget and is the largest of the six EU executive agencies. From 2021 it is implementing several parts of the successor to Horizon 2020, Horizon Europe, as well as two further EU programmes. Located in Brussels, REA is managed by the Director, a senior official seconded from the Commission, and by its Steering Committee composed of representatives of its partner Directorates-General (DGs).

**Figure 1 - Programme parts delegated to REA for 2014-2020 by its partner DGs**



For the programme parts delegated to the Agency, it publishes calls for proposals, arranges their evaluation by independent experts, and prepares grant agreements. REA then monitors the technical and financial implementation of the resulting projects, facilitating the dissemination and take-up of their outputs by policy-makers and others. This applies not only to the programme parts currently delegated but also to their predecessors.

REA delivers administrative and logistical support services to EU bodies implementing Horizon Europe and selected other programmes. These services include:

- Planning and support for publication of calls for proposals;
- General logistical support for the proposal evaluations including the management of the evaluation facility;
- Contracting and payment of the independent experts who evaluate proposals;
- Supervising the Research Enquiry Service (RES), which answers questions both on EU research and innovation funding and on the validation services mentioned below.

REA also provides, for any EU programme under direct management, validations of the legal status and financial capacity of participants in grants and procurement activities.

## EXECUTIVE SUMMARY

This Annual Activity Report is a management report of the Director of REA to the College of Commissioners. Annual Activity Reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties<sup>1</sup>.

### A. Implementation of the Agency's Annual Work programme - Highlights of the year

The REA **Key Performance Indicators remained at very high levels** in 2020, even in the context of:

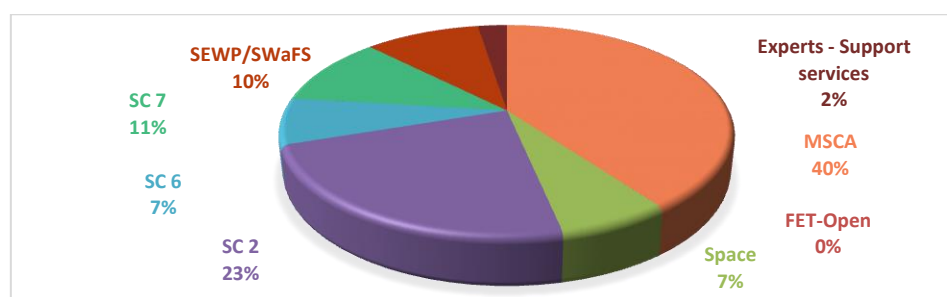
- the mandatory teleworking and other **challenges that COVID-19 imposed on REA staff** from mid-March; and
- REA's intensive work throughout the year on the **preparations for the implementation of the Horizon Europe programme** for 2021-27.

#### Implementation of the Research and Innovation framework programmes

REA's key performance indicators show **stable and excellent performance** in terms of the implementation of the **calls** stemming from the Horizon 2020 work programme 2018-2020, and similar stable trends in the management of the **grants**.

In 2020, REA launched 29 calls (Work Programme 2020 calls) and managed the whole evaluation and granting process for a total value of EUR 2 731.20 million<sup>2</sup>.

Figure 2 - Budget implemented in 2020: Horizon 2020 Commitment appropriations (EUR 2 731.20 million)<sup>3</sup>



<sup>1</sup> Article 17(1) of the Treaty on European Union

<sup>2</sup> This amount includes the amount granted for the calls and the reimbursement to experts.

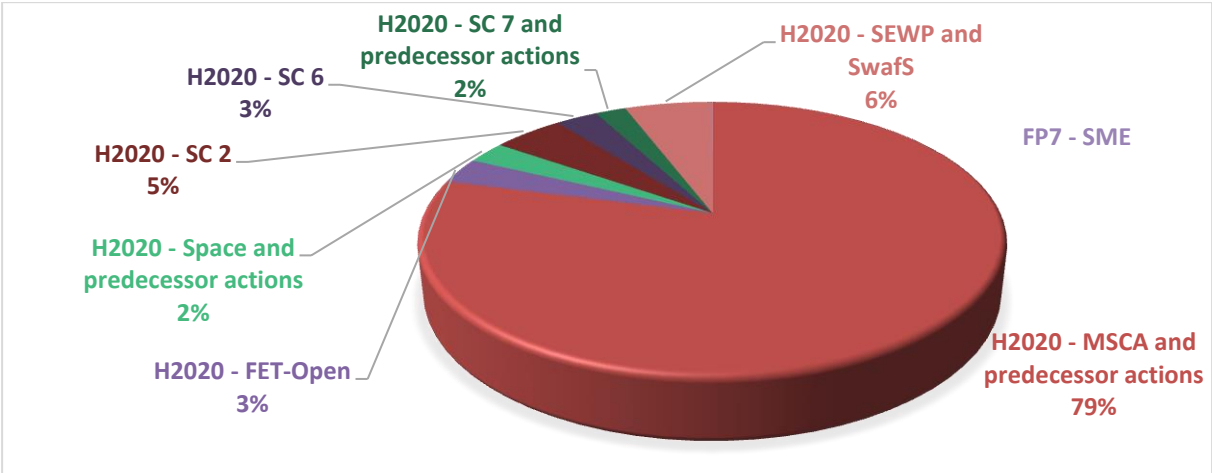
<sup>3</sup> The share of the FET-Open programme in 2020 reduced to 0% as a result of the set-up of the EIC Task Force within DG RTD whereby REA staff managing the FET-Open actions continue to implement this programme part under the responsibility of the responsible authorising officer within DG RTD.

REA evaluated nearly 16 000<sup>4</sup> proposals from the 2020 calls, about 15% more than for the calls of 2019. The increase in submissions is usual in the last year of a framework programme. For the proposals that had been evaluated by the end of 2020, the **overall success rate** for the 2020 calls stood at 14.8%<sup>5</sup>, but the success rate will evolve as evaluations for several 2020 calls conclude in 2021.

Overall, REA signed over 2 300 **grants**. For 98% of the **mainlisted proposals**, grant agreements were concluded **in time**. The **average Time to Grant** was at 205 days, 40 days below the target<sup>6</sup>.

By the end of 2020, REA managed a total of **6 595** grants. Nearly all (over 99%) of these are Horizon 2020 projects: the FP7 portfolio is very close to closure.

**Figure 3 - Portfolio of grants managed by REA on 31.12.2020 (6 595 grants)**



**Administrative and logistical support services**

**REA continues to provide administrative and logistical support to Commission DGs and other services**, specifically:

- The participant validation services that REA delivers at an EC corporate level;
- The management of the evaluation platform, and the contracting and payment of experts evaluating proposals, which REA carries out principally for the Horizon 2020 implementing bodies.

**In 2020, REA reached its target number of EU services** for which it is actively performing the legal and financial **validation of participants** in procurements and grants. These clients include European Commission departments and executive agencies, as well as other EU bodies. REA also ensured timely validation of 8 769 participants/legal entities and the approval of 11 338 ‘Legal Entity Appointed Representatives’ (LEAR) appointed by participants. The average **time for legal validation** of an entity decreased from 5,2 to **3,3 calendar days**.

<sup>4</sup> For 2-stage calls, this figure includes the number of proposals evaluated at the first stage.

<sup>5</sup> For two stage calls, this figure refers to the proposals submitted at the second stage.

<sup>6</sup> Source: CORDA. Refers to proposals placed initially on the main list for funding.

REA also dedicated significant efforts to improving internal processes, shifting to fully paperless operation and improving the communication flow with its clients, while maintaining the quality of the participant validation processes.

REA expert management was heavily affected by the confinement in 2020. Nevertheless, the Agency managed to anticipate the changeover to experts working fully remotely and could efficiently meet its goals. The **volume of the expert contracts increased** compared to last year but contracts were signed on time, as before. Over 25 000 **payments** to experts were made for a total amount of **EUR 56.3 million**, with an average **Time-to-Pay of 7.23 days**.

The **global planning exercise of call deadlines** was adapted several times as a consequence of call postponements to mitigate the impact of the pandemic on grant applicants.

### Organisational management in a context of operations under confinement

In addition to conducting their core business, the REA teams dedicated to **human resources, information management, and communication** played crucial roles in maintaining REA operations during **Covid-19** and preparing for the **next mandate of the Agency**.

IT equipment and key information was circulated quickly and securely to staff to **enable the Agency to continue working under a full teleworking regime for its staff**. REA also took steps to help applicants and experts to remain up-to-date with how the situation would affect them. Activities such as recruitment and training of REA staff, as well as public events, were successfully converted to an online format.

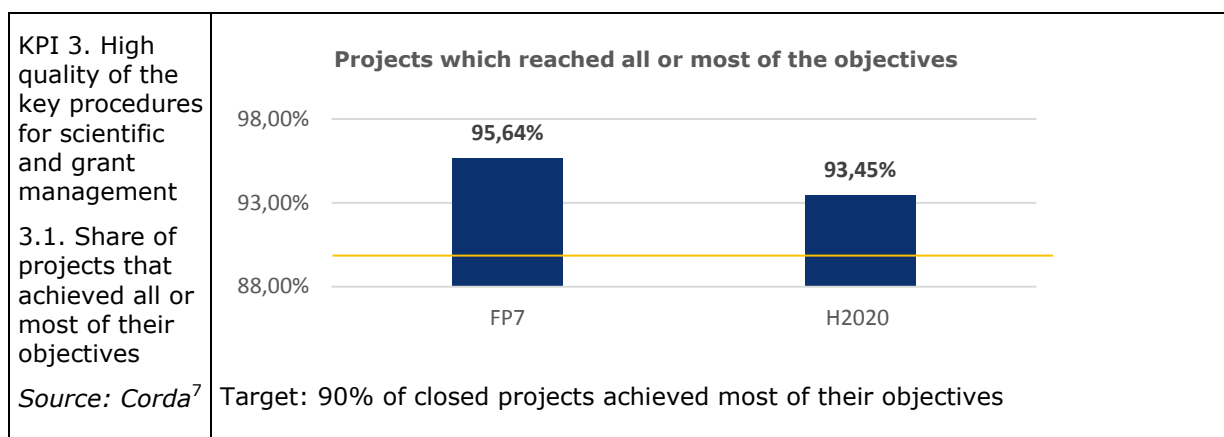
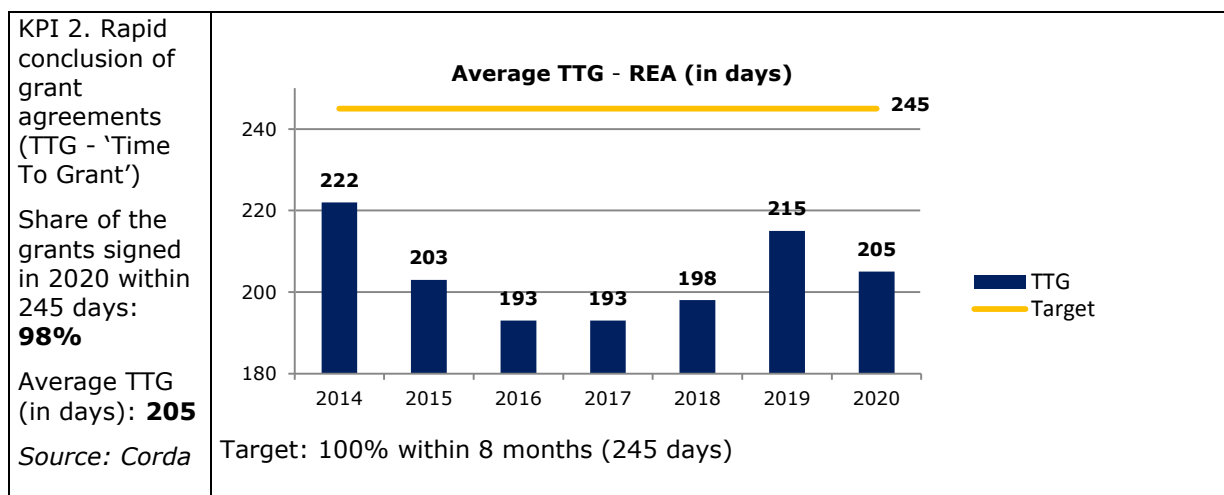
REA adopted and started implementation of a **Transition Strategy**, to make the arrangements necessary to receive a new delegation in 2021. This strategy was built on principles of preparation, participation of staff and transparency. Many of the measures taken were related to enabling the smooth mobility of the staff within, to, and from the Agency. Technical preparations to enable IT systems and electronic files to be available after the reorganisation are also underway.



## B. Key Performance Indicators (KPIs)

The tables and graphs below show the five key performance indicators (KPI) most relevant for REA as set out in the Annual Work Programme 2020.

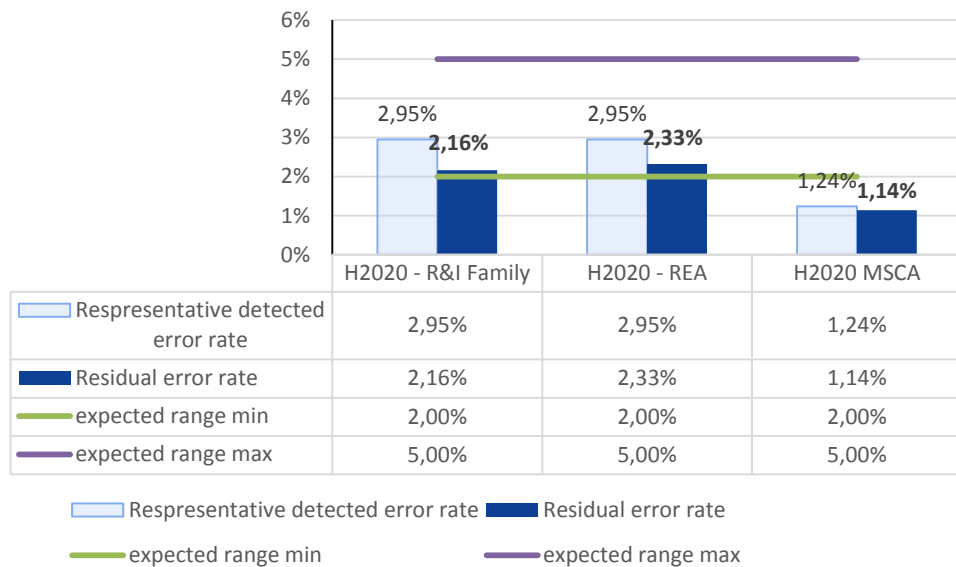
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|--|--|-------------|-------------|-------------|-------------|-------------|-------------|
| KPI 1. Fully implementing the operational budget | <b>2014</b>  | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> |
|  | 100%   | 100%        | 100%        | 100%        | 100%        | 100%        | 100%        |
|  | Target: 100% implementation of commitment and payment appropriations |             |             |             |             |             |             |



<sup>7</sup> For Horizon 2020, the statistics include all projects signed until the end of 2020 and are based on the assessment of Horizon 2020 project reports. These results need to be treated with caution as these are early results and do not have the same significance as for the stock of FP7 projects that are mostly closed or much more advanced on average. At this moment, data is available only for 43% of closed or on-going Horizon 2020 projects managed by REA.

KPI 4. Legality / regularity of financial transactions

### Error rates in financial transactions H2020

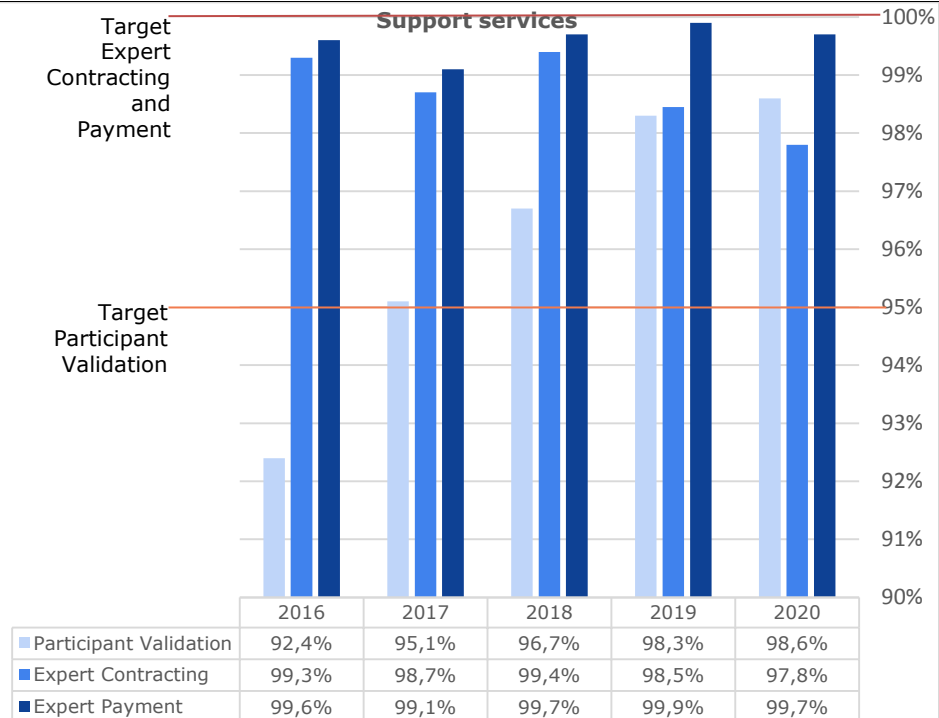


**Targets**

- Horizon 2020 Overall: detected ER between 2 and 5%, residual ER as close as possible to 2%
- Horizon 2020 MSCA: less than 2%

KPI 5. Providing efficient support services to the Research DGs and other client services

- Time to validate participants
- Time to contract for experts
- Time to pay for experts



**Targets:**

- 95% of participants validated within 90 days from the "raise priority" date
- 100% of expert contracts signed in less than 10 calendar days
- 100% of expert payments carried out within 30 days

### **C. Key conclusions on Financial management and Internal control (executive summary of section 2.1)**

**In accordance with the governance arrangements of the European Commission, (the staff of) REA conducts its operations in compliance with the applicable laws and regulations, working in an open and transparent manner and meeting the expected high level of professional and ethical standards.**

**To ensure the achievement of policy and management objectives, the Commission has adopted a set of internal control principles, based on international good practice. The financial regulation requires that the organisational structure and the internal control systems used to implement the budget be set up in accordance with these principles. REA has assessed its internal control systems during the reporting year and has concluded that they are effective and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified. Please refer to AAR section 2.1.3 for further details.**

**In addition, REA has systematically examined the available control results and indicators, as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors. These elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives. Please refer to Section 2.1 for further details.**

**In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director, in his capacity as Authorising Officer by Delegation for the operational budget and Authorising Officer for the operating budget, has signed the Declaration of Assurance.**

### **D. Provision of information to the Commissioners**

**In the context of the regular meetings during the year between the Director and the parent DGs on management matters, the main elements of this report and assurance declaration, have been brought to the attention of the agency's Steering Committee and to the parent DGs Directors-General, who have taken these into consideration in their reporting to Commissioner **Gabriel, responsible for Innovation, Research, Culture, Education and Youth, Commissioner Wojciechowski, responsible for Agriculture, Commissioner Breton, responsible for Internal Market, and Commissioner Johansson, responsible for Home Affairs.****

## E. Specific actions on COVID-19

**In 2020, Europe was strongly impacted by the Covid-19 pandemic. The Commission has proposed a strong and coordinated response to the health crisis as well as to the impact on Europe's economy and society. Covid-19 has also posed challenges as regards performance, control, audit and assurance in relation to the 2020 EU budget. In an exercise coordinated at corporate level, all Commission services, including executive agencies, have promoted the consistent and rigorous protection of the EU budget ensuring that appropriate mitigating measures were put in place.**

In common with all Commission services, REA carried out a specific Covid-19 risk assessment in June 2020. Later in the year it also assessed all risks for 2021. Neither exercise identified any critical risk to operations, but REA is using its day-to-day management structures to monitor and respond to the consequences of the pandemic in real time (as described in sections 1 and 2.1.3).

REA was able to quickly convert proposal evaluations to a fully remote mode, as it had run remote consensus meetings among experts for two large annual calls of the MSCA since 2016. As regards the implementation of grants, the conditions for and the nature of any changes were agreed and published as FAQs by the Research & Innovation (R&I) DGs. REA has noted no material adverse effects on its performance indicators, error rates or the number of non-compliance events in 2020. An expected increase in bankruptcies among beneficiaries, which has not yet materialised, was assessed as the only budgetary risk of Covid-19 to REA operations. This risk is compounded by the decreasing resources available for interventions by the Participant Guarantee Fund. This risk would affect private companies, which make up less than half of REA grant holders<sup>8</sup>, and in recent years REA has reinforced its capacity to react quickly to bankruptcy cases to protect the EU budget.

In addition, REA has contributed to the Commission-wide action ensuring that any EU-funded research that supports the response to Covid-19 is fully mobilised. A significant share of the 340 projects listed on the European Research Area corona platform<sup>9</sup> are managed by REA.

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<sup>8</sup> Source: EC internal Horizon 2020 Dashboard, field *H2020 Unique Participants*

<sup>9</sup> <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/Covid-19?tabId=4>. See section 2.2 for further information on REA projects tackling Covid-19.

## 1. Implementation of the Agency's Annual Work programme - Highlights of the year

**This section provides result indicators on the implementation of the Agency's Work Programme 2020.** In addition to its programme implementation tasks, the section also covers the various administrative and logistical support services that REA provides to participants and European Commission services/agencies/joint undertakings<sup>10</sup>.

Before the sections detailing the annual performance by programme part, some overall aspects common to all the grant management activities are presented below. As regards the support services, challenges and improvements are described under section 1.10.

### Cooperation with the parent DGs

REA and its parent DGs work closely together in order to play their part in meeting the overall objectives of the European Commission. The programmes that REA implements generate knowledge leading to a greener world, in which Europe has prosperous, inclusive economies and societies that take full advantage of the digital age. The ways in which REA works also contribute to the objective of 'A modern, high-performing and sustainable European Commission' – please see section 2.1 for examples of REA initiatives to increase efficiency and economy in 2020.

Practical cooperation between the R&I DGs and REA is set up at senior management level and adheres to the requirements laid down in a Memorandum of Understanding<sup>11</sup>. Two main feedback mechanisms ensure that the Commission benefits from the knowledge generated by the programme implementation. They include:

- **Programme implementation feedback** enabling the parent DGs to exercise their supervisory function and to build on experiences from programme implementation when preparing future Work Programmes;
- **Support to policy-making** implying contributions from the operational level in support of policy implementation (feedback to the parent DGs for the EC programming activities) and policy development (including new policies or revision of current policies). Where the research projects come close to policy implementation, REA is working in joint teams with the Commission services to ensure maximum synergies.

**Specific plans for feeding project results into policy-making**, agreed between the REA units and their Commission counterparts, have been in place for all REA Horizon 2020 activities since 2019. The plans include targets for the jointly-defined deliverables. The implementation status of each plan is summarised in Annex 13 of this report.

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<sup>10</sup> The Agency's delegation act outlines the list of support services and beneficiaries of the services provided by REA

<sup>11</sup> <http://ec.europa.eu/info/file/94859>

Through its Network of Project Officers (NPO) and its representatives in the **Dissemination and Exploitation** Network (D&E Net) of the R&I family, REA continued to maximise the D&E **of project results**. It contributed to the CIC's further development of the D&E strategy, guidance, and tools, as well as briefing and arranging training for project officers on how to assist beneficiaries to use these resources<sup>12</sup>. REA also documented how it measures the effectiveness of the support for and controls on beneficiaries that implement the Horizon 2020 D&E strategy.

## Challenges in programme implementation

All REA call evaluations that were scheduled for 2020 were completed despite the Covid-19 pandemic. The trend of increasing numbers of submissions continued. The adaptations that REA made to its processes to allow for fully remote evaluations **did not compromise the quality of proposal selection**, as shown by the outcomes of the evaluation review procedures (see the **KPI** in section A of the executive summary) and the reports of independent observers (see *Process improvements* section below). Equally, REA grant management **contributed to and implemented corporate decisions on permitted changes to project implementation by grant beneficiaries**, as well as performing strongly in terms of the Time To Grant and Time To Pay **KPIs**.

As regards **programme implementation**, the **main challenges of Covid-19 and REA's responses** were:

1. To compensate for the time lost by applicants due to the Covid-19 disruption, parent DGs and REA agreed to extend five call deadlines. REA subsequently took the necessary communication measures to inform potential applicants.
2. As the standard evaluation phase involving face-to-face meetings of experts was impossible, REA switched to a fully remote evaluation. REA scheduled more time than usual for consensus meetings between experts, to address difficulties resulting from the online discussions. REA networks and the training team quickly produced internal guidance and three training sessions (more than 300 participants from REA and many other EC services, with very positive feedback) on running remote consensus meetings and panel reviews.
3. Beneficiaries could not work as planned because of restrictions and therefore contacted REA in significant numbers. The Agency worked closely with the CIC to ensure that replies were co-drafted, agreed, and published in the [Covid-19 FAQ on the EU Funding & Tenders Portal](#). REA actively communicated this information to all beneficiaries and used it to reply to queries.

Many questions were received and handling them was a significant task, especially in the second quarter of the year. However, REA was able to co-ordinate at department and specialist network level to ensure that responses were correct and consistent. In general, beneficiaries appear satisfied with the information provided/available, and the

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<sup>12</sup> For example, the [Horizon Results Booster](#) that provides consultancy to enable Horizon 2020 to better implement their D&E actions.

European Ombudsman found that 'REA took appropriate action to communicate which measures could be taken under the MSCA grants to help researchers affected by the COVID-19 crisis'<sup>13</sup>.

4. Many beneficiaries requested a suspension of their project due to the disruption to working conditions resulting from the pandemic. This particularly affected grants that:
  - have many activities taking place outside of the EU, such as MSCA staff exchange schemes.
  - are based on face-to-face workshops/conferences or communication campaigns, such as Horizon 2020 projects on spreading excellence and widening participation and the MSCA European Researchers' Night.

Therefore, REA processed a record number of requests to amend grant agreements (2239 over the year) but without any increase in Time to Amend: the 2020 average of just over 12 days was lower than any of the preceding five years.

5. The ban on external meetings and travel meant that meetings with beneficiaries (project monitoring meetings, coordinator/beneficiary info days) were reorganised as online events. The REA expert management team and the relevant specialist networks within REA produced written guidance on the practicalities of arranging such meetings.

In parallel to implementing its current mandate, REA also had a major focus on the **transition towards a new EU multi-annual financial framework, to prepare for the new responsibilities delegated** to the Agency. It continued to closely cooperate with the Commission services and developed a comprehensive action plan in order to deal, in a proactive and participatory way, with all aspects of the transition. The REA Transition Steering Board coordinated the implementation of this action plan, with particular attention to transparency and effective internal communication towards REA staff. The main outputs that the process delivered in 2020<sup>14</sup> were:

- A new organisation structure for REA under its next mandate, which was endorsed by its Steering Committee in December 2020.
- A detailed review, which mobilised expertise both from within REA and partners (the CIC, other Executive Agencies), of working methods and tools to identify efficiency gains. The participating agencies jointly submitted 28 proposals for change to the CIC for assessment/prioritisation. In addition, REA management endorsed over a dozen internal measures to simplify programme implementation or administrative processes.
- An analysis of incoming programmes' processes and procedures in terms of the currently used workflows and IT tools. No major changes are necessary for these to be integrated in REA.

There is sufficient knowledge and time available to complete the remainder of the transition action plan in the months of 2021 that precede the new delegation to REA.

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<sup>13</sup> Finding 15, *The Ombudsman's preliminary findings in her joint inquiry into complaints 1242/2020/SF and 1380/2020/SF*, <https://www.ombudsman.europa.eu/en/correspondence/en/136428>.

<sup>14</sup> The outputs of the Transition action plan that relate to human resources are covered in section 2.2.1.

In addition, staff from across the Agency were involved in preparing many technical aspects of the Horizon Europe research and innovation programme, such as the contents of the Work Programme and the set-up of the processes for evaluating proposals and managing grants (see below).

## Process improvements in grant management activities

REA's implementation of multiple parts of Horizon 2020 helps improvements to be widely applicable across the programme and its successor, Horizon Europe. REA shares its knowledge through forums such as internal networks of staff, structures of the Common Implementation Centre (CIC) of DG RTD, and dialogue with its parent DGs. The expertise of REA is therefore a key resource in the preparations for the **implementation of Horizon Europe**. To support these preparations, REA's specialised networks were **actively involved in improving the following aspects of call and grant management**:

- The evaluation summary reports sent to applicants. REA analysed the experiences and practices across its units to ensure the quality of these reports. It sent several recommendations to the CIC for Horizon Europe regarding the processes/procedures for drafting and checking evaluation reports.
- Procedures for proposal submission and evaluation/grant preparation and management, including templates for submission forms and project reporting.
- The model grant agreement for beneficiaries and the model contract for experts.
- The strategy for the ex-ante controls on grant preparation, amendments, and payments to beneficiaries of grants.
- The strategy and requirements for *Open Science* and the Dissemination and Exploitation (D&E) of project results.
- The requirements on beneficiaries as regards project communication and ensuring that the acknowledgement of EU funding is highly visible.
- Contributing to the development by the CIC of a framework for feedback to policy and running two pilots<sup>15</sup> in 2020 to show how the framework could be implemented for each Cluster of Horizon Europe.
- The ethics appraisal process. REA produced a booklet summarising the lessons learned in this area from its Horizon 2020 experience.

**Independent observers** are appointed to assess the objectivity, impartiality and transparency of the evaluation for each call. Their reports continue to confirm the high quality of REA's evaluation process, including under the fully remote approach implemented since March 2020. The monitoring of observers' feedback is an important source of information for REA to track and address possible imperfections in the proposal evaluation process.

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<sup>15</sup> Rapidly analysing the current portfolio of Covid-19 projects as an example for Horizon Europe Cluster 1 (Health), and developing a plan for feedback to policy for projects on "Resilient, inclusive, healthy and green rural, coastal and urban communities", preparing for Horizon Europe Cluster 6 (Food, Bio economy, Natural Resources, Agriculture and Environment).



As programme implementation is now mature, the observers made **mainly minor suggestions for improvement** in 2020. 13 of their 63 recommendations were classed as major. 11 of these cases have been analysed, and required escalation to a European Commission service as they are related to the Work Programme or IT tools of Horizon 2020 / Horizon Europe.

For example, REA took measures after observers recommended addressing the issue of individual applicants making **multiple, quasi-identical submissions to the same call**. When implementing Horizon Europe, REA will use an IT tool that shows all similarities in the consortia composition (for multi-beneficiary actions), as well as the degree of similarity between all proposals within the same call or a previous call. This will enable earlier detection and therefore more efficient handling of these cases.

### **EU added value of the funded projects**

The following profiles of projects are examples of EU added value from across the research framework programme parts that REA manages. The projects either finished shortly before 2020 or during the year. They are presented under the relevant **priority of the European Commission for 2019-24**, illustrating that REA-supported research and innovation **contributes to all six** of these priorities.



## The European Green Deal



### [CO2 Human Emissions - CHE](#)

The project has developed an innovative European system to monitor human-generated CO2 emissions that will help countries, regions, and cities to monitor the situation and propose the most effective reduction strategies.



### [Soil Care for profitable and sustainable crop production in Europe - SOILCARE](#)

Researchers and farmers are cooperating through this project to introduce soil-improving agricultural practices. A more sustainable production system is needed in order that soil quality and functions are preserved in the long term.

## A Europe fit for the digital age & An economy that works for people



### [A Hardware Platform for Software-driven Functional Metasurfaces - VISORSURF](#)

The project has created programmable hardware that uses an app to control how internet routers transmit wireless waves around a building. This will improve the efficiency, quality, and security of WiFi and enable 'smart' cities/industrial spaces.



### [Competitive Methods to protect local Public Administration from Cyber security Threats - COMPACT](#)

The project has provided new solutions to help local public administrations in Europe to protect citizens' data against an alarming trend of increasing cyberattacks. A spin-off company from the project will commercially utilise its cyber monitoring tools.



### [Interactive Natural Language Technology for Explainable Artificial Intelligence - NL4XAI](#)

All citizens have the right to information and an explanation for any decision that affects them. This includes the decisions made by artificial intelligence (AI) systems. This project is training researchers on how to ensure AI systems justify decisions using 'human' language.

## A stronger Europe in the world



### [Participatory Tools for Human Development with the Youth - PARTY](#)

The project has created tools to tackle problems related to youth unemployment and the marginalisation of the San communities in South Africa and Namibia. Its methodology can be used to improve the design of public services for indigenous peoples.

## Promoting our European way of life



### [Photo/magnetic stimulated nanocargos for superior cancer treatments - NANOCARGO](#)

Breast cancer is the leading cause of cancer-related mortality among European women. This project has developed a treatment that avoids painful surgery, by instead injecting nanoparticles directly into a tumour. The project won the [2020 EU Innovation Radar Prize](#).



### [Skills and Integration of Migrants, Refugees and Asylum Applicants in European Labour Markets - SIRIUS](#)

The project has created a free app called Workeen, which supports not only new arrivals but also EU citizens who are unemployed to access European labour markets. It includes training tools for CV preparation and job interviews. The app works in several EU languages in addition to Arabic and Farsi.



### [International IST Doctoral Program - ISTScholar](#)

The ISTScholar project, completed in 2020, supported an international programme of interdisciplinary PhD training in biology, neuroscience, computer science, mathematics, and physics. It assisted researchers in making an important step towards new therapies for metabolic dysfunctions, by visualising and analysing the atomic structure of a key enzyme. The work was published in the journal [Nature](#).

## A new push for European democracy



### [Distributed Network for Odour Sensing, Empowerment and Sustainability - D-NOSES](#)

This project enables citizens to be part of the solution to a key societal issue: the pollution from odours emitted by industry. It represents the second most common cause of environmental complaints after noise, and leads to a significant decline in quality of life.

## 1.1 Excellent Science – Marie Skłodowska-Curie actions (MSCA) and the FP7-People Programme

### Contribution to achieving the Commission’s objectives

DG EAC has delegated to REA the management of the Horizon 2020 Marie Skłodowska-Curie actions (MSCA) and the Marie Curie Actions in the FP7-People Programme.

In managing the MSCA and their predecessor actions under FP7, REA is helping DG EAC to contribute to the Commission’s overarching general objectives 2 ‘A Europe fit for the digital age’ and 4 ‘A stronger Europe in the world’. Through the MSCA, DG EAC aims to ensure the optimum development and dynamic use of Europe’s intellectual capital of researchers in order to generate new skills and innovation and to realise its full potential across all sectors and regions.

The Marie Skłodowska-Curie actions offer funding possibilities for training and career development of researchers around an excellent research project. They provide support to individuals and organisations and boost scientists’ overall mobility.

### REA key achievements in 2020<sup>16</sup>



While the MSCA ITN and IF evaluations had involved remote consensus meetings among experts since 2016, there was no experience of fully remote panel review meetings until 2020. The evaluation of the ITN-2020 call from March until April was the first large-scale pilot of fully remote evaluation in REA. Overall it worked smoothly and successfully despite the difficult conditions: the number of evaluation review requests remained similar to the previous call. As regards the IF-2020 evaluation later in the year, it was also necessary to run virtually, for the first time, the proposal allocation week of meetings with panel chairs and vice-chairs. These new steps posed a particular challenge as the call received a record 11 573 proposals, a 17% increase from the previous year, but the evaluation proceeded without a drop in quality standards and on time as planned.

Another innovation was to organise a number of “remote monitoring missions” using teleconferencing software to host monitoring events with beneficiaries across Europe. Those for Individual Fellowships (IF) took place in June and early July and targeted

<sup>16</sup> The budget given under ‘Calls’ is that of the Horizon 2020 Work Programme. The success rate does not include the 11 573 proposals to call H2020-MSCA-IF-2020 for which the evaluation is completed in early 2021, but the success rate of that call will be similar (approx. 14.5%). The amounts given under ‘Budget execution’ are payment appropriations of the 2020 operational budget.

beneficiaries that, based on the number of projects managed, would have normally been selected for on-site visits. More than 130 virtual meetings were organised for Innovative Training Network (ITN) project checks, including restricted sessions between fellows and REA project officers. These events proved successful for both the researchers and the REA project officers involved, despite the restrictions of the teleconferencing format.

The REA team managing the selection and implementation of the European Researchers' Night actions successfully made the adaptations planned with DG EAC during 2020. These were considerable, given that the European Researchers' Night action supports dozens of public events about science across Europe that take place on a particular evening every year. Alternative solutions, such as digital events, were encouraged. Beneficiaries were also invited to develop a risk management plan to better cope with the public health situation. 65% of the events on 27 November 2020 took place fully online, and the remaining events (35%) were a mix of online and onsite.

The evaluation of proposals for COFUND actions was of high quality as only one applicant made a request for review (which had no impact on the proposals retained). There had been four requests for review after the previous evaluation, which had a similar number of proposals.

It was a high profile year for the MSCA-RISE action. Not only was there a 32% increase in the number of proposals submitted, but also a participant in the RISE project [B-LigZymes](#), won the [European Prize for Women Innovators 2020](#). The prize is awarded every year to four talented women entrepreneurs from across the EU and Associated Countries, who have founded a successful company and brought innovation to market. Maria Fátima Lucas is the CEO of [Zymvol](#), which develops computer-designed industrial enzymes by applying molecular modelling.

## **1.2 Excellent Science – Future and Emerging Technologies (FET-Open)**

### **Contribution to achieving the Commission's objectives**

REA supports DG RTD within the European Innovation Council (EIC) Task Force to implement the Horizon 2020 Future Emerging Technologies actions (FET-Open). The FET-Open scheme is part of the pilot phase of the EIC<sup>17</sup>, which aims to develop and scale-up ground-breaking, high-risk, high-gain innovation, able to create future markets and boost prosperity in Europe.

REA was involved in the preparatory activities to establish the EIC pilot, following the related European Commission decisions adopted in April 2019. REA and DG RTD subsequently concluded a Memorandum of Understanding detailing the tasks of the EIC pilot that are entrusted to REA and are executed under the supervision of the relevant

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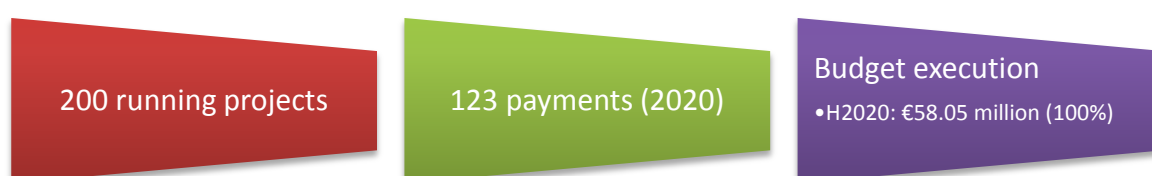
<sup>17</sup> <https://ec.europa.eu/research/eic/index.cfm>

Authorising Officer in DG RTD. These include the evaluation of the proposals received and the management of grants.

In managing the FET-Open actions, REA is helping DG RTD to contribute to the Commission's overarching general objective 2 'A Europe fit for the digital age'. Through the FET-Open actions, the Commission aims at supporting the early stages of joint science and technology research for radically new future technological possibilities through a multi-disciplinary approach, which can sow the seeds for future industrial leadership and for tackling society's grand challenges in new ways.

The objective of FET-Open is to fund novel ideas selected from bottom-up calls open to all fields of science in order to build up a diverse portfolio of targeted projects. Early detection of promising new areas, developments and trends, along with attracting new and high-potential R&I players, are key factors.

### REA key achievements for 2020<sup>18</sup>



Grant agreements resulting from FET-Open calls closing after 1.6.2019 are signed by DG RTD and therefore reported within the 2020 Annual Activity Report of DG RTD rather than that of REA.

The FET-Open legacy (grant agreements signed under the previous calls, and proposals funded from the H2020-FETOPEN-1-2018-2019-2020 call cut-off 24.1.2019) remained under the responsibility of REA in 2020.

In April 2020 the Commission proposed<sup>19</sup> to transfer REA's tasks performed for the management of the FET-Open actions (including those that are part of the EIC pilot) to a different Executive Agency from 2021. The REA staff involved started the preparatory work for the transfer. They were also heavily involved in the evolution of the EIC actions from a pilot to an integral part of the Horizon Europe programme, being part of consultations on future EIC policy and implementation mechanisms.

<sup>18</sup> The statistics in the boxes below cover only the calls and projects prior to the EIC pilot i.e. those under the responsibility of REA.

<sup>19</sup> Communication (C)2020 2880 of 29.4.2020, subsequently updated by Communication C(2021)946 of 12.2.2021.

### 1.3 Industrial Leadership – Space and the FP7 predecessor action

#### Contribution to achieving the Commission’s objectives

DG DEFIS has delegated to REA the management of the ‘Space’ activity in the Horizon 2020 specific objective ‘Leadership in Enabling and Industrial Technologies’ of ‘Industrial leadership’<sup>20</sup> and the actions of the Space theme in the FP7 Cooperation Programme.

In managing the Horizon 2020 Space activity and the FP7 predecessor action, REA is helping DG DEFIS to contribute to several of the Commission’s overarching general objectives, mainly 2 ‘A Europe fit for the digital age’ but also others such as 1 ‘A European Green Deal’ and 4 ‘A stronger Europe in the world’. Through this programme DG DEFIS aims to build and maintain a strong European position in the space domain in order to develop and exploit space infrastructure to meet future EU policy and societal needs as well as to ensure that space will remain accessible to Europe and safe to operate in the long run.

Europe has an interest in ensuring that its industry continues to thrive in this fiercely competitive market. ‘Industrial Leadership’ is aiming to speed up the development of technologies and innovations that will underpin tomorrow’s businesses across all sectors, including space, and encourage them to invest more in research and target areas where they can work with the public sector to boost innovation.

#### REA key achievements for 2020



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Most tasks related to the proposal evaluation and resulting grant preparation for the H2020-SPACE-2020 call. Within six weeks, REA converted its preparations for an on-site evaluation into a fully remote procedure. This intensive work was successful, enabling all grants to be signed on time. The applicable time limits were also met during grant preparation in 2020 for other ongoing space calls. Equally, all payments due to new and existing grants were made without delay. With over 70M€ funding and after complex grant agreement preparations, REA signed the largest single H2020 LEIT Space Identified Beneficiary Action (IBA) in 2020, in the Space Surveillance and Tracking area.

REA continued to provide input to DG DEFIS both to support its management of the programme and to feed project outcomes into policy-making, such as on Artificial Intelligence for Earth observation and European non-dependence in critical technologies.

<sup>20</sup> With the exception of the ‘SME instrument’, the ‘Fast Track to Innovation’ full-scale pilot, Galileo-related activities, and projects indirectly managed by third parties.

In April 2020 the Commission proposed<sup>21</sup> to transfer the implementation of this programme part to a different Executive Agency from 2021. The REA staff involved therefore started the preparatory work for the transfer.

## 1.4 Societal Challenge 2: 'Food security, sustainable agriculture and forestry, marine and maritime and inland water research and the bioeconomy'

### Contribution to achieving the Commission's objectives

DGs AGRI and RTD have delegated to REA the implementation of part of the Horizon 2020 Societal Challenge 2 – Food security, sustainable agriculture and forestry, marine and maritime and inland water research and bioeconomy.

In managing part of the Horizon 2020 Societal Challenge 2, REA is contributing to the Commission's overarching general objective 1 'A European Green Deal'.

The aim of the programme is to support R&I contributing to a more productive, sustainable and resource-efficient production of food and bio-based products while fostering related ecosystem services, recovery of biological diversity as well as competitive and low-carbon supply chains. This will accelerate the transition to a sustainable European bioeconomy, bridging the gap between new technologies and their implementation, and contribute to boosting investment, employment and economic growth in the EU. It will benefit from synergies with actions launched under the Horizon 2020 focus area 'Industry 2020 in the circular economy' to foster economic, social and environmental prosperity by positioning Europe as a front runner in the move to a circular economy and society.

### REA key achievements for 2020



The challenge of running a fully remote proposal evaluation as of the early days of the lockdown was successfully handled. All grant agreements prepared during the year were concluded on time, as were payments to beneficiaries.

Throughout 2020, REA took an active part in the preparation of the [European Green Deal call](#) and was heavily involved in its info day, including a coordinated presentation of the opportunities and the moderation of topic-specific sessions. The call was published in

<sup>21</sup> Communication (C)2020 2880 of 29.4.2020, subsequently updated by Communication C(2021)946 of 12.2.2021.



September 2020. REA is implementing in the area of Societal Challenge 2 two topics of the call: 'Digital Twin of Oceans' (EUR 10 million budget) and 'Farm-to-Fork' with six sub-topics (EUR 72 million budget).

In 2020, 40% of Societal Challenge 2 project kick-off meetings and 60% of project review meetings were attended by representatives of EC services, to engage the project for policy-making purposes. In 40% of the review meetings, a dedicated policy session was organised with EC colleagues often providing a policy-related contribution.

## 1.5 Societal Challenge 6: Europe in a changing world - inclusive, innovative and reflective societies

### Contribution to achieving the Commission's objectives

DGs CNECT and RTD have delegated to REA the management of part of Horizon 2020 Societal Challenge 6 – 'Europe in a changing world – inclusive, innovative and reflective societies'.

In managing part of the Horizon 2020 Societal Challenge 6, REA is helping DG CNECT and DG RTD to contribute to the Commission's overarching general objective 2 'A Europe fit for the digital age', general objective 3 'An economy that works for people', and general objective 5 'A new push for European democracy'. The programme funds research projects to support EU policies on reducing inequalities and social exclusion in Europe, overcoming the economic and financial crisis, and tackling unemployment, all of which are prerequisites for a sustainable European integration.

Research and innovation can help to overcome prevailing economic instability and ensure that Europe is resilient to future downturns, demographic change and migration patterns. Thus, research performed under Societal Challenge 6 aims at fostering a better understanding of Europe and is addressing these EU-wide issues by exploring new forms of social and technological innovation.

### REA key achievements for 2020



From the three 2020 calls, REA managed the evaluation of 518 proposals, an increase of nearly 10% on the previous year (more submissions are usual in the last year of the programme). The switch to a fully-remote evaluation did not prevent the timely signature of all 52 grants on the main list, except one grant that was a day late because of an IT issue. Only two of the 121 payments made were subject to very short delays.

Throughout the year, REA enabled Societal Challenge 6 projects to present their achievements at events organised by REA, other Commission services, or external stakeholders. At the virtual EU R&I days, REA coordinated the session on citizen science/engagement entitled *Crisis upon Crisis: the cumulative effect of crises on European resilience*. This session, built on feedback from nine projects, showcased how social science/scientists help policymakers to understand and explain crisis situations.

REA and DG CNECT worked together on several Joint Migration Policy Roundtables. Participants in six Societal Challenge 6 projects discussed “Addressing the challenge of migrant integration through ICT-enabled solutions”, together with their REA project officers, policy-makers, public authorities, and practitioners.

### 1.6 Societal Challenge 7: Secure societies – Protecting freedom and security of Europe and its citizens and the FP7 predecessor actions in Security

#### Contribution to achieving the Commission’s objectives

DGs HOME and CNECT have delegated to REA the management of part of Horizon 2020 Societal Challenge 7 ‘Secure societies - Protecting freedom and security of Europe and its citizens’.

In managing part of the Horizon 2020 Societal Challenge 7 and FP7 Security research, REA is helping DG HOME and DG CNECT to contribute to the Commission’s overarching general objectives 2 ‘A Europe fit for the digital age’, and 5 ‘Promoting our European way of life’.

The Horizon 2020 Secure Societies Challenge is about undertaking the R&I activities needed to protect our citizens, society and economy as well as our infrastructures and services, prosperity, political stability and well-being and enhancing the resilience of our society. The primary aims are to foster European societies secured against natural and man-made disasters, fighting crime and terrorism, improving cyber- and border security, and supporting the Union’s external security policies through conflict prevention and peace building.

#### REA key achievements for 2020



43 grants resulting from the three Societal Challenge 7 calls in 2019 were signed in 2020. For 24 of these grants, the applicants requested additional time for their consortia to complete the necessary administrative obligations before grant signature. The principal justification for these extensions was disruption to the operations of the applicants from

Covid-19. REA accepted these requests, which implied that the Time To Grant target would not be met for these 24 cases.

REA implemented the fully-remote evaluation of proposals to four Societal Challenge 7 calls in 2020, including a new call on Artificial Intelligence. This, and the fact that it was the last call of the programme, meant that the number of proposals evaluated increased by nearly 50% compared to 2019. Despite these challenges the evaluation was completed on schedule, with granting on track. 45 of the 474 eligible proposals were retained for funding, leading to a lower combined success rate for the 2020 calls of 10% compared to around 14% in previous years.

REA held a ‘Project to Policy’ seminar in January 2020 that attracted more than 100 attendees. The participating representatives of Societal Challenge 7 projects and relevant policy DGs gave very positive feedback. A similar event will be arranged for 2021.

### 1.7 Specific Objective: Spreading Excellence and Widening Participation (SEWP)

#### Contribution to achieving the Commission’s objectives

DG RTD has delegated to REA the management of the Horizon 2020 Specific Objective ‘Spreading Excellence and Widening Participation’ (SEWP) ‘.

In managing SEWP, REA is helping DG RTD to contribute to the Commission’s overarching general objectives 2 ‘A Europe fit for the digital age’ and 3 ‘An economy that works for people’. Its aim is to fully exploit the potential of Europe’s talent pool and to ensure that the benefits of an innovation-led economy are both maximised and widely distributed across the EU in accordance with the principle of excellence.

Despite a recent tendency for convergence in the innovation performances, differences among Member States and Associated Countries remain. SEWP projects are targeting those countries that are low performers in terms of R&I, with a view to widening participation in Horizon 2020 and contributing to the realisation of the European Research Area (ERA), by ‘Teaming’ excellent research institutions with lower R&I-performing counterparts to create or upgrade centres of excellence, and ‘Twinning’ institutions through staff exchanges, expert visits and training courses. The ‘ERA Chairs’ action is also bringing outstanding researchers to universities and research organisations in the targeted countries to help them attract and maintain high-quality human resources and to implement the structural changes necessary to achieve excellence on a sustainable basis.

#### REA key achievements for 2020



A total of 654 eligible proposals were submitted to the two calls that were evaluated during the first part of 2020: H2020-WIDESPREAD-2020-05 (Twinning) and H2020-WIDESPREAD-2019-06 (ERA Chairs). All 97 grants that resulted from these evaluations were signed on time.

In 2020 the number of running SEWP projects increased substantially, from 133 to 225. However, this has not led to any delayed payments to beneficiaries.

REA developed a 19-questions survey, that it will ask beneficiaries of established/mature SEWP projects to complete, on the subject of the dissemination and exploitation of project results.

## 1.8 Specific Objective: Science with and for Society (SwafS)

### Contribution to achieving the Commission's objectives

DG RTD has delegated to REA the management of the Horizon 2020 Specific Objective 'Science with and for Society' (SwafS).

In managing SwafS, REA is helping DG RTD to contribute to the Commission's overarching general objective 6 'A new push for European democracy'.

The aim of SwafS is to develop innovative ways to build effective cooperation between science and society, to recruit new talents, to build capacities and to pair scientific excellence with social awareness and responsibility. It supports projects along the following activity lines: attractiveness of scientific careers, gender equality, integration of citizens' interests and values in R&I, formal and informal science education, accessibility and use of research results, governance for the advancement of responsible R&I and promotion of an ethics framework for R&I, anticipation of potential environmental, health and safety impacts, and improved knowledge in science communication.

### REA key achievements for 2020



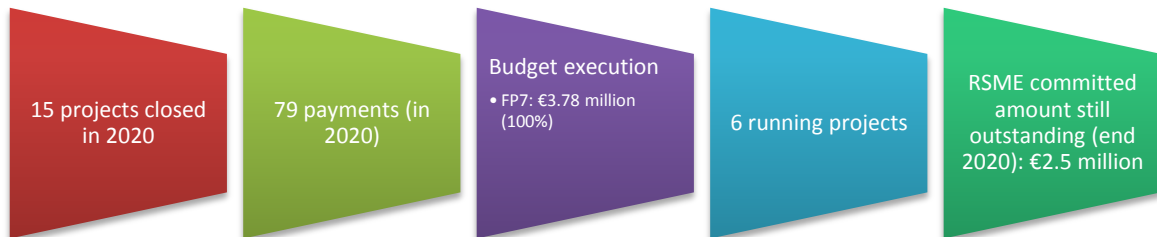
REA organised evaluations in 2020 for several calls for a total of 433 proposals, including the 1<sup>st</sup> wave of a call for University Alliances (17 proposals), a new activity started in 2020. It also evaluated two additional EURAXESS proposals for information and support services to professional researchers. At the end of the year, evaluations for the SwafS-2020-2 call (20 proposals) and the 2<sup>nd</sup> wave of the University Alliances Lump Sum pilot (24 proposals) were ongoing.

In 2020 the number of running SwafS projects increased substantially, from 105 to 152. However, this has not led to any delayed payments to beneficiaries.

## 1.9 FP7 - Capacities Specific Programme – Research for the benefit of SMEs (RSME)

DG RTD has delegated to REA the management of the ‘Research for the benefit of SMEs’ scheme in the FP7 Capacities Programme.

### REA key achievements for 2020



Closing the remaining FP7 SME legacy projects is a challenge for REA, because the open projects are complex and problematic. During the 2019–2020 period, a Task Force for a centralised financial and legal management of the remaining cases worked to successfully wind down the remaining portfolio. The Task Force was closed at the end of March 2021.

## 1.10 Administrative and Logistical Support Services

The mandate of REA includes, alongside the implementation of certain parts of the EC grant programmes, the management of certain administrative and logistical support services. By providing support services, REA is helping the Research and Innovation family to achieve the Horizon 2020 programme objectives and thereby contributes to the Commission’s overarching general objective “A modern, high performing and sustainable European Commission”.

REA’s role as service provider of administrative and support services comprises<sup>22</sup> mainly expert management for the research and innovation framework programme and participant validation services for all Commission services. The Research Enquiry Service, coordinated by REA, manages the information requests about validation and the research framework programmes for all participants.

Centralising these services at REA contributes to synergies, economies of scale and simplification for programme participants. Over time, some of the tasks delegated to REA, notably participants’ legal and financial validation, were extended beyond the R&I family to include other programmes.

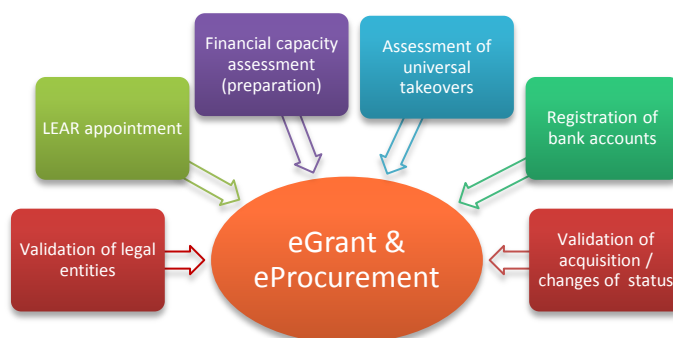
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<sup>22</sup> The Agency’s [delegation act](#) outlines the list of support services and beneficiaries of the services provided by REA.



**Figure 4 - Clients served by expert management services**

Since 2018, the Agency offers its participant validation services at corporate level to all the Commission services, executive agencies and joint undertakings that implement grants and procurements under direct management. This extension of scope takes place within the Single Electronic Data Interchange Area (SEDIA) framework. SEDIA provides call applicants and tenderers with a single entry point to communicate and exchange information with the Commission services. It ensures the alignment and the reusability of participant data and contributes to build a central repository of data of external stakeholders who conduct business with the Commission.



**Figure 5 Services provided by the validation services**

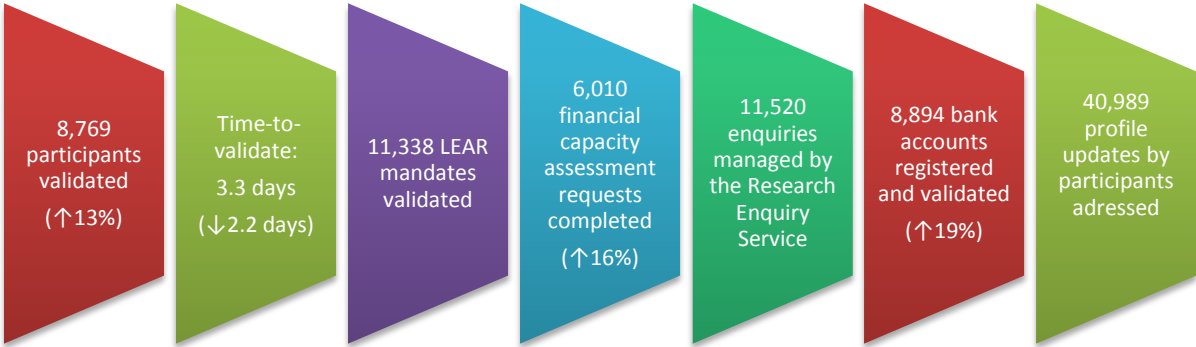
### Challenges faced by the support services

**Covid-19** particularly affected the support services in their operations, both by the changes to implement in real time to their processes, and by the increase in workload due to specific and urgent Covid-related calls and procurements. Both teams quickly adapted to the challenging conditions and were able to deliver timely services; therefore, overall performance remained excellent.

**REA validation for multiple Commission services of participants in grants and procurement procedures** still included, at the outbreak of the pandemic, some paper-based workflows. Since the validation of the participants is a prerequisite for EU funding, any disruption of this activity might have led to significant delays in **financial awards across the Commission**.

Concerning **expert and evaluation management**, mainly provided to Horizon 2020 implementing bodies, the **confinement heavily affected the service**. The evaluation of proposals became fully remote, requiring a new type of expert contract and numerous changes to expert reimbursements. By the first week of March, REA already had procedures in place to convert planned on-site evaluations and project review meetings into remote sessions, mitigating the impact of this sudden change. Additional or rescheduled calls complicated the support provided to the evaluation process, but REA was able to provide a solution to each issue that arose.

**REA key achievements for 2020**



In 2020, the volume of the validation services provided by REA increased significantly due to the successful deployment of SEDIA. During the course of the year, the agency completed the integration of new client services to reach 64. Therefore all Commission Departments, Executive Agencies and EU bodies have delegated their **legal and financial validation of participants** to the agency. To smoothen their integration, an internal communication campaign was launched and regular “lessons learnt” sessions were organised to streamline working procedures and gather feedback.

Despite a **rise the number of legal validations and financial capacity assessments** requested by and delivered for new participants, the average **time to validate** decreased. The **SME status verifications** exceeded largely the planned volume due to the large number of participants for the enhanced EIC Accelerator Pilot receiving blended funding. REA also assessed 409 **cases of universal takeovers (UTRO) of participants**. In addition, more than 1 000 enquiries related to Covid-19 matters have been handled by the **Research Enquiry Service**, 30% of which were treated straight after the start of the lockdown (during the 2nd half of March). Equally, more than 300 of the received enquiries were related to Brexit.

Alongside with the Covid-19 outbreak, the preparation for the **multilingual support to participants** was another challenge for the validation services. In view of the transition to a multilingual mode for the eGrants, eProcurement and SEDIA tools, the Participant Register and related validation services were selected as pilots. In 2021 the Participant Register is to become a multilingual interface and the agency will, upon request, communicate with the participants in any of the EU languages.



As regards the **evaluation support services**, the activity generally increased compared to last year but the shift to fully-remote evaluations led to a major decrease in the number of on-site evaluations, matched by a commensurate increase in remote work. To smooth the transition to fully remote evaluations, the Agency repurposed the evaluation facility, placing the audiovisual conferencing facilities at the disposal of operational units to facilitate remote evaluations, in compliance with the necessary measures to limit the spread of Covid-19.

As a consequence of the pandemic, a large number of calls were rescheduled, at short notice, with call deadlines postponed between one week and three months. This involved intensive work on the cross-checking of availability of capacity for the submission and evaluation systems and discussions with the operational units concerned. Three Work Programme updates took place as a result, in March, April, and June 2020, and the global call planning for 2021 was completed, with a provisional planning drafted for 2022.

The performance of the **contracting and payment of experts** services remained excellent, despite the circumstances. The Agency closely monitored the contracts issued and payments made to experts to reduce the likelihood of surpassing the threshold that applies to all amounts due to experts contracted in the framework of Horizon 2020.



## 2. Modern and efficient administration and internal control

This section explains *how* the Agency delivered the achievements described in the previous section. It is divided into two subsections.

The first subsection reports the control results and other relevant information that supports management's assurance on the achievement of the financial management and internal control objectives<sup>23</sup>.

The second subsection deals with the other components of organisational management: human resources, information management, and external communication.

### 2.1 Financial management and internal control

**Assurance is provided on the basis of an objective examination of evidence of the effectiveness of risk management, control and governance processes.**

**This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. The results are explicitly documented and reported to the Director. The following reports have been considered:**

- the bi-annual reports submitted by the Heads of Unit and endorsed by their Head of Department, in their capacity as Authorising Officer by Sub-Delegation (AOSD);
- the reports on recorded exceptions, non-compliance events and internal control weaknesses;
- the opinion on the state of control of REA's officer responsible for Risk Management and Internal Control (RMIC);
- the outcome of activities of the ex-post audit function and fraud prevention measures;
- the limited conclusion on the state of control and the observations and recommendations reported by the Internal Audit Service (IAS);
- the observations and recommendations reported by the European Court of Auditors (ECA);
- the observations and recommendations reported by DG BUDG (in the context of the validation of the local accounting systems by the Commission's Accounting officer);
- the observations deriving from the assessment of the effectiveness of internal control in REA;
- the reports on REA's risk assessment exercises.

**These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of**

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<sup>23</sup> Art 36.2 FR: a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; and e) adequate management of risks relating to the legality and regularity of underlying transactions

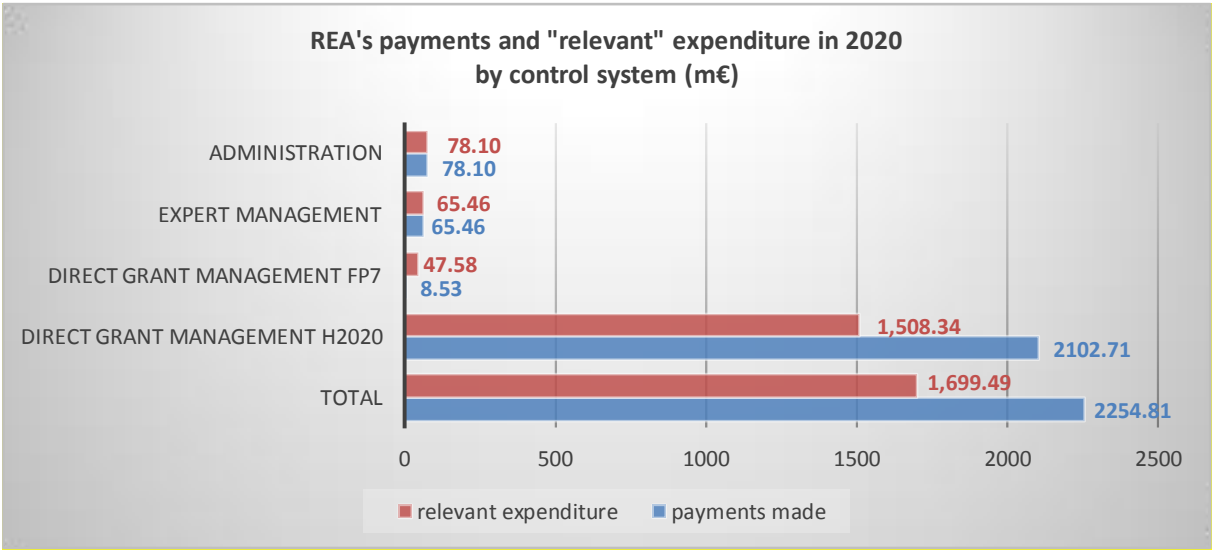
**the information reported and results in a complete coverage of the budget delegated to the Director of REA.**

**This section covers the control results and other relevant elements that support management's assurance. It is structured into (a) Control results, (b) Audit observations and recommendations, (c) Effectiveness of internal control systems, and resulting in (d) Conclusions on the assurance.**

Overview of the scope of the control results

In 2020, REA implemented an **overall budget**<sup>24</sup> of EUR 1,699.49 million, under three main control systems.

Figure 6 - REA 2020 expenditure by control system



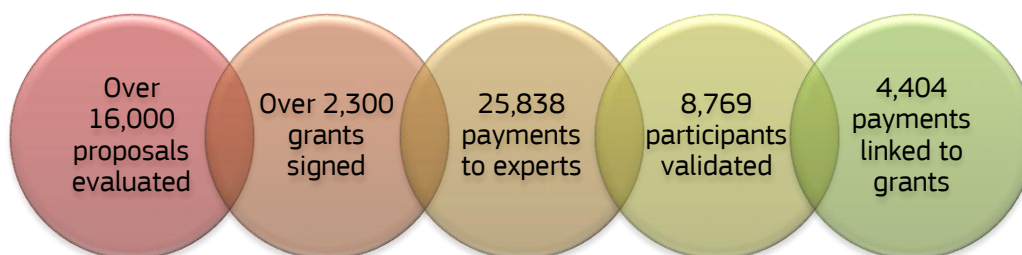
Annex 6 gives extensive details about the controls implemented in direct grant management, for expert management, and for the validation of EC funding participants. The latter is part of the Commission’s corporate control environment, and as such, does not relate to any operational expenditure implemented in REA.

Figure 7 below shows the volume of the activities carried out in 2020, in terms of number of transactions, for which the standard controls were applied.

Finally, certain activities cannot be fully captured by quantitative indicators, while they significantly contribute to the overall benefits of the Horizon 2020 programme implementation or the administrative support services delivered to the Commission services. These activities include feedback for joint policy making, process improvements, information and communication, dissemination and exploitation of the project results, etc.

<sup>24</sup> Expressed in “relevant expenditure”: for the definition, see table 3 “Overall amounts at risk”.

Figure 7 - Volume of REA activities in 2020, managed under the various control systems



## REA operates in a highly corporate control environment

The results reported in the following sections are the outcome of controls designed principally by the Common Implementation Centre (CIC) in charge of the direct grant management control system for the R&I framework programmes. REA actively participates in the various governance structures put in place by the CIC and contributes to the development and continuous improvements of the common legal framework, the business processes and IT tools.

### 2.1.1 Control results

**This section reports and assesses the elements identified by management which support the assurance on the achievement of the internal control objectives<sup>25</sup>. The Agency's assurance building and materiality criteria are outlined in AAR Annex 5. Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.**

Effectiveness of the controls is demonstrated by the control results regarding the legality and regularity of the operations, fraud prevention, and other control objectives – in particular the safeguarding of assets. The most pertinent results are the error rates detected by ex-post audits in the main expenditure items (grants). They constitute REA's fourth Key Performance Indicator.

The efficiency of REA's operations is to be analysed in the light of the volume of activities performed and their quality and timeliness. Indicators such as Time to Grant, Time to Pay or Time to Contract for experts are also among REA's Key Performance Indicators.

The chapter dedicated to the economy of the controls gives account of the investment needed to achieve the results reported above.

Finally, a conclusion regarding the cost-effectiveness of REA's operations will be drawn, based on the previous elements.

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<sup>25</sup> 1) Effectiveness, efficiency and economy of operations; 2) reliability of reporting; 3) safeguarding of assets and information; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36.2).

## A. Effectiveness = the control results and benefits

Control results are detailed here regarding the legality and regularity of the operations, the fraud prevention and other control objectives, in particular the safeguarding of assets. The benefits of the controls are summarised for the direct grant management and for the support services.

### *Legality and regularity of the transactions*

**REA is using internal control processes to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions it is responsible for, taking into account the multiannual character of programmes and the nature of the payments concerned.**

The results of the controls implemented are measured through ex-post audits and ex-post controls carried out on transactions of the REA's operational budget, which represent 95.40% of the total relevant expenditure. Control results are detailed below for the Horizon 2020 programme and the expert related spending<sup>26</sup>. REA's administrative expenditure amounts to 4.60% of the relevant expenditure in 2020. Based on the European Court of Auditors' recurrent clean opinion on REA revenues and payments underlying the accounts, REA retains for this segment an error rate of 0.5%, as a conservative estimate.

Information about the audit work performed in 2020 is included in Annex 7.

### *Research framework programmes*

The Research and Innovation Framework Programmes' (FP) main indicators on legality and regularity are<sup>27</sup>:

**Representative detected error rate**, based on errors detected by ex-post audits on a Common Representative Sample (CRS) of cost claims across the Research and Innovation Family of DGs.

**Cumulative residual error rate**, which is the extrapolated level of error after corrective measures have been implemented by the Agency following the audits, accumulated on a multi-annual basis.

Due to its multi-annual nature, the effectiveness of the control strategy can only be fully measured and assessed in the final stages of the FP, once the ex-post control strategy has been fully implemented and systematic errors have been detected and corrected.

The general objectives of this control system are:

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<sup>26</sup> The audit campaign on FP7 has been closed, therefore no new control result is available. REA will use the latest results for the calculation of the amount at risk.

<sup>27</sup> The calculation method of these indicators is included in Annex 5.

- for the Seventh Framework Programme for Research and Innovation (2007-2013, 'FP7') to ensure that the cumulative residual error rate does not exceed 2% by the end of the Framework Programme's management cycle.
- for Horizon 2020 to obtain a cumulative residual error rate within a range of 2-5% aiming to be as close as possible to 2%, without necessarily expecting it to be lower than 2%.

Progress against these objectives is assessed annually based on the results of the implementation of the ex-post audit strategy and taking into account the frequency and importance of the detected errors along with cost-benefit considerations regarding the effort and resources needed to detect and correct the errors.

In year 2020, the Commission and the Agency re-defined their methodology for calculating the Horizon 2020 error rates in line with the European Court of Auditors' observations in its 2018 and 2019 Annual Reports. The methodology applied is described in Annex 5 'Materiality criteria'. As of January 2020, the application of the revised methodology on 790 samples resulted in an error rate higher, on average, by 0.41 % in comparison to the error rate calculated by applying the methodology used in the past on the same 790 samples. This results in the following error rates for Horizon 2020 on 31 December 2020:

**Representative detected error rate<sup>28</sup>:** 2.95%<sup>29</sup>.

**Cumulative residual error rate:** 2.33% for REA (2.16% for the R&I Family DGs).

In addition to the information provided by the CRS, REA takes into account the outcome of audits on a "second-layer" sample specifically created for MSCA, carried out by the Common Audit Service (CAS). So far, 206 out of 214 launched audits have been completed for this sample. As a result, a local error rate is reported specifically for this part of Horizon 2020, which REA considers as close to representative.

**Detected local error rate for MSCA:** 1.24%

**Residual local error rate for MSCA:** 1.14%

Detailed information relating to the ex-post audit work that provided the above results, as well as the state of play of the implementation of the audit results and of their extensions, are included in Annex 7.

#### Administrative and logistical support services

Of the REA support services, only expert management includes spending; the validation services are part of the Commission's corporate control system for budget implementation.

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<sup>28</sup> Including revised findings of 13 audits out of 40 which were re-performed by the European Court of Auditors and the top up of 0.41%.

<sup>29</sup> Based on the 334 representative results out of the 467 expected in the three Common Representative Samples.

The contracting and payment of experts uses a fully decentralised circuit with no counterweight. This is the most appropriate circuit due to the very high volume of transactions, the low value of the payments, and the short legal time limit to pay. In order to mitigate the risks inherent to this circuit, REA performed ex-post checks on a stratified sample of payments authorised between 01.07.2019 and 30.06.2020. The sampling took due account of the effects of the change during 2020 from central to remote evaluation tasks, caused by Covid-19.

The verifications<sup>30</sup> did not identify any systematic error and concluded an estimated detected error rate of 0.01%. Given the limited size of the sample, REA management opted for retaining a “conservative” estimated error rate of 0.5% for the purpose of the calculation of risk at closure.

### Evolution of the legality and regularity of the expenditure

#### **REA’s portfolio consists of**

- **segments implemented under the research framework programmes FP7 and Horizon 2020 (except for MSCA), for which, overall, the detected and residual error rates have persistently been above 2%: they amount to 46.18% of the relevant expenditure in 2020;**
- **other segments, namely the MSCA programme of Horizon 2020, the administrative expenditure and the expert related spending, which have relatively low estimated error rates: they amount to 53.82% of the relevant expenditure in 2020.**

**These results reflect the performance of the related control systems, taking into account the complexities of the programmes, the risk profile of the beneficiaries, the inherent risks of the spending modalities, as well as the overall control strategy followed.**

**For the segments persistently affected by error rates over 2%, the causes, the remedial actions and the future expectations are explained hereafter.**

The error rates presented under section 2.1.1 for Horizon 2020 should be treated with caution. Since not all results of the three Common Representative Samples are available yet, the error rate is not fully representative of the expenditure being controlled. Since Horizon 2020 is a multi-annual programme, the error rates, and especially the residual error rate, should be considered within a time perspective. Specifically, the cleansing effect of audits will tend to increase the difference between the representative detected error rate and the cumulative residual error rate, with the latter finishing at a lower value.

The relatively higher level of error in Horizon 2020 grants is linked to the applicable funding model, which is based on the reimbursement of eligible costs. Most of the errors relate to incorrect claims for personnel costs that are mainly due to beneficiaries’ lack of thorough

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<sup>30</sup> Ares(2021)158020

understanding of the rules. New entrants and Small and Medium Enterprises (SMEs) are more prone to this type of error in comparison to other, more experienced beneficiaries.

There is evidence that the simplifications introduced under Horizon 2020 along with the ever-increasing experience are reducing the number of errors made by the beneficiaries, especially when compared to the Seventh Framework Programme. Notwithstanding these efforts, however, beneficiaries still make errors.

Given the results of the audit campaign up until 2020, and the observations made by the European Court of Auditors in its 2018 and 2019 Annual Reports, the CIC, in close cooperation with DG BUDG, SecGen and the IAS, are defining actions aiming at reducing further the multiannual error rate of Horizon 2020, and paving the way for a simpler and, to the extent possible, an error free Horizon Europe. Actions include further simplification, increased use of simplified forms of funding (including lump sums), focused communication campaigns to more “error-prone” types of beneficiaries, such as SMEs and newcomers, and enhanced training to internal project officers and External Audit Firms performing audits on behalf of the Commission/Agency. By focusing on the most common errors, these events will be short and simple, reaching more participants and achieving higher impact.

In the context of further reducing the error rates, the CIC will examine the existing tools for ex-ante controls. The CIC will carry out a consultation with the stakeholders in order to collect their views on what improvements should be developed in the grant management risk module or via additional business activity monitoring reports.

It should be noted that, although the start of the implementation of these actions will be immediate, their positive effect in the form of reducing the multiannual error rate may take time to materialise.

**In conclusion, REA considers that the 2020 cumulative residual error rate for Horizon 2020 will fall within the target range established in the Financial Statement<sup>31</sup>.**

#### Additional reporting requirements

The 2018 Financial Regulation introduced additional reporting requirements in the Annual Activity Report, which are presented hereafter.

- Cases of ‘confirmation of instructions’ (Financial Regulation Article 92(3)):  
No case was reported.

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<sup>31</sup> The legislative financial statement accompanying the Commission’s proposal for the Horizon 2020 regulation states: “The Commission considers therefore that, for research spending under Horizon 2020, a risk of error, on an annual basis, within a **range between 2-5%** is a realistic objective taking into account the costs of controls, the simplification measures proposed to reduce the complexity of rules and the related inherent risk associated to the reimbursement of costs of the research projects. The ultimate aim for the residual level of error at the closure of the programmes after the financial impact of all audits, corrections and recovery measures will have been taken into account is to achieve a level **as close as possible to 2%**.”

- Cases of financing not linked to costs (Financial Regulation Article 125(3)): No case was reported.
- **Flat rates >7% for indirect costs in 2020:** According to Horizon 2020 Rules for Participation, indirect eligible costs of Horizon 2020 grants are determined by applying a flat rate of 25% of the total direct eligible costs. It is the basic act that derogates from the Financial Regulation. This applies to all Horizon 2020 grants, although in certain cases, the indirect costs are included within a larger unit cost or lump sum (e.g. the unit costs for institutional costs under the Marie Skłodowska-Curie Actions). In such cases, the percentage of indirect costs cannot be determined separately.
- 68 grant agreements signed in 2020 **derogated from the principle of non-retroactivity** pursuant to Article 193 of the Financial Regulation. In each case, the project start date preceded the grant signature date, which is compliant with the Horizon 2020 programme's legal framework. No granted project started prior to the submission date of the proposal.
- There are no **Financial Framework Partnerships (FPA) with a duration of more than 4 years**<sup>32</sup> which entered into force during the reporting year 2020. The 32 FPA longer than four years that were still ongoing in 2020 are listed in Annex 7, Table 23.

#### Conclusion on the legality and regularity of the financial transactions

**REA's relevant expenditure, estimated overall risk at payment, estimated future corrections and risk at closure are disclosed in Table 1.**

**The estimated overall risk at payment for 2020 expenditure amounts to EUR 34.29 million representing 2.02% of the agency's total relevant expenditure for 2020. This is the AOD's best, conservative estimation of the amount of relevant expenditure during the year not in conformity with the contractual and regulatory provisions applicable at the time the payment was made.**

**This expenditure will subsequently be subject to ex-post controls and a proportion of the underlying errors will be detected and corrected in subsequent years. The conservatively estimated future corrections for 2020 expenditure amount to EUR 5.77 million. This is the amount of errors that the Agency conservatively estimates will be identified and corrected by controls planned to be carried out in subsequent years.**

**The difference between those two amounts results in the estimated overall risk at closure of EUR 28.51 million, representing 1.68% of the Agency's total relevant expenditure for 2020.**

**In the context of the protection of the EU budget, the DGs/Agencies' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated at Commission level in the AMPR.**

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<sup>32</sup> Financial Regulation art 130.4



**Table 2 Estimated risk at closure**

| REA   | Payments made<br>(in 2020; m€) | minus new<br>prefinancing<br>(in 2020; m€)      | plus cleared<br>prefinancing<br>(in 2020; m€)   | = "relevant<br>expenditure"<br>(for 2020; m€) | Average<br>Error Rate<br>(weighted AER; %)             | <b>estimated<br/>overall risk at<br/>payment</b><br>(2020; m€) | Average<br>Recoveries and<br>Corrections<br>(adjusted ARC;<br>%)                             | estimated<br>future<br>corrections<br>(for 2020; m€) | estimated<br>overall risk at<br>closure (2020;<br>m€) | Share of the<br>risk in % of the<br>relevant<br>expenditure |
|---|--------------------------------|---|---|---|--|--|--|--|---|---|
| (1)   | (2)                            | (3)   | (4)   | (5)   | (6)  | (7)  | (8)  | (9)  | (10)  |   |
| Programme, Budget Line(s), or other<br>relevant level | as per AAR<br>annex 3, table 2 | as per ABAC DWH<br>BO report on<br>prefinancing | as per ABAC DWH BO<br>report on<br>prefinancing | = (2) – (3) + (4)                             | Detected error<br>rates, or<br>equivalent<br>estimates | = (5) x (6)  | H-ARC (as per<br>ABAC DWH BO<br>report on<br>corrective<br>capacity), <u>but</u><br>adjusted | = (5) x (8)  | = (7) – (9)   |   |
| <b>H2020</b>  |                                |   |   |   |  |  |  |  |   |   |
| Excellent Science - Marie Skłodowska<br>Curie actions | 951.07                         | 770.06  | 569.77  | 750.78  | 1.24%  | 9.31   | 0.10%  | 0.75   | 8.56  |   |
| Excellent Science - FET Open                          | 57.47                          | 9.43  | 51.23   | 99.26   | 2.95%  | 2.93   | 0.62%  | 0.62   | 2.31  |   |
| LEIT - Space  | 129.77                         | 103.07  | 53.04   | 79.73   | 2.95%  | 2.35   | 0.62%  | 0.49   | 1.86  |   |
| Societal Challenge 2                                  | 395.58                         | 242.03  | 123.89  | 277.44  | 2.95%  | 8.18   | 0.62%  | 1.72   | 6.46  |   |
| Societal Challenge 6                                  | 139.36                         | 109.98  | 60.43   | 89.82   | 2.95%  | 2.65   | 0.62%  | 0.56   | 2.09  |   |
| Societal Challenge 7                                  | 230.67                         | 202.11  | 95.22   | 123.77  | 2.95%  | 3.65   | 0.62%  | 0.77   | 2.88  |   |
| Spreading Excellence and Widening<br>Participation    | 111.72                         | 84.78   | 10.35   | 37.30   | 2.95%  | 1.10   | 0.62%  | 0.23   | 0.87  |   |
| Science with and for Society                          | 87.09                          | 69.25   | 32.40   | 50.23   | 2.95%  | 1.48   | 0.62%  | 0.31   | 1.17  |   |
| <b>Total H2020:</b>                                   | <b>2,102.71</b>                | <b>1,590.71</b>                                 | <b>996.33</b>                                   | <b>1,508.34</b>                               | <b>2.10%</b>   | <b>31.66</b>   | <b>0.36%</b>   | <b>5.45</b>  | <b>26.21</b>  |   |
| <b>FP7 legacy</b>                                     |                                |   |   |   |  |  |  |  |   |   |
| People  | 1.77                           | 0.00  | 18.60   | 20.37   | 1.73%  | 0.35   | 0.19%  | 0.04   | 0.31  |   |
| Cooperation - Space theme                             | 0.03                           | 0.00  | 0.00  | 0.03  | 5.45%  | 0.0016   | 1.82%  | 0.00054  | 0.0011  |   |
| Cooperation - Security theme                          | 2.78                           | 0.00  | 13.14   | 15.92   | 5.45%  | 0.87   | 1.53%  | 0.24   | 0.62  |   |
| Capacities - SME actions                              | 3.96                           | 0.00  | 7.30  | 11.26   | 6.12%  | 0.69   | 0.37%  | 0.04   | 0.65  |   |
| <b>Total FP7:</b>                                     | <b>8.53</b>                    | <b>0.00</b>                                     | <b>39.05</b>                                    | <b>47.58</b>                                  | <b>4.02%</b>   | <b>1.91</b>  | <b>0.68%</b>   | <b>0.32</b>  | <b>1.59</b>   |   |
| <b>Total Grant Management</b>                         | <b>2,111.24</b>                | <b>1,590.71</b>                                 | <b>1,035.38</b>                                 | <b>1,555.92</b>                               | <b>2.16%</b>   | <b>33.57</b>   | <b>0.37%</b>   | <b>5.77</b>  | <b>27.80</b>  |   |

| REA   | Payments made<br>(in 2020; m€) | minus new<br>pre-financing<br>(in 2020; m€)      | plus cleared<br>pre-financing<br>(in 2020; m€)   | = "relevant<br>expenditure"<br>(for 2020; m€) | Average<br>Error Rate<br>(weighted AER; %)             | <b>estimated<br/>overall risk at<br/>payment</b><br>(2020; m€) | Average<br>Recoveries and<br>Corrections<br>(adjusted ARC;<br>%)                      | estimated<br>future<br>corrections<br>(for 2020; m€) | estimated<br>overall risk at<br>closure (2020;<br>m€) | Share of the<br>risk in % of the<br>relevant<br>expenditure |
|---|--------------------------------|--|--|---|--|--|---|--|---|---|
| (1)   | (2)                            | (3)  | (4)  | (5)   | (6)  | (7)  | (8)   | (9)  | (10)  |   |
| Programme, Budget Line(s), or other<br>relevant level | as per AAR<br>annex 3, table 2 | as per ABAC DWH<br>BO report on<br>pre-financing | as per ABAC DWH BO<br>report on<br>pre-financing | = (2) - (3) + (4)                             | Detected error<br>rates, or<br>equivalent<br>estimates | = (5) x (6)  | H-ARC (as per<br>ABAC DWH BO<br>report on<br>corrective<br>capacity), but<br>adjusted | = (5) x (8)  | = (7) - (9)   |   |
| <b>Expert management</b>                              | <b>65.46</b>                   | <b>0.00</b>                                      | <b>0.00</b>                                      | <b>65.46</b>                                  | <b>0.5%</b>  | <b>0.33</b>  | <b>0.00%</b>  | <b>0.00</b>  | <b>0.33</b>   |   |
| <b>Total operational expenditure</b>                  | <b>2,176.71</b>                | <b>1,590.71</b>                                  | <b>1,035.38</b>                                  | <b>1,621.38</b>                               | <b>2.1%</b>  | <b>33.90</b>   | <b>0.36%</b>  | <b>5.77</b>  | <b>28.12</b>  |   |
| <b>Administrative expenditure</b>                     | <b>78.10</b>                   | <b>0.00</b>                                      | <b>0.00</b>                                      | <b>78.10</b>                                  | <b>0.5%</b>  | <b>0.39</b>  | <b>0.00%</b>  | <b>0.00</b>  | <b>0.39</b>   |   |
| <b>Grand total</b>                                    | <b>2,254.81</b>                | <b>1,590.71</b>                                  | <b>1,035.38</b>                                  | <b>1,699.49</b>                               | <b>2.02%</b>   | <b>34.29</b>   | <b>0.34%</b>  | <b>5.77</b>  | <b>28.51</b>  | <b>1.68%</b>  |

Notes to the table (column number)

(1) differentiated for the relevant portfolio segments at a level which is lower than the Agency total.

(2) Payments made or equivalent, e.g. expenditure is registered in the Commission's accounting system, accepted expenditure or cleared pre-financing. In any case, this means after the preventive (ex ante) control measures have already been implemented earlier in the cycle.

(3) New pre-financing actually paid out by REA during the financial year (i.e. excluding any pre-financing received as transfer from another DG). "Pre-financing" is covered as in the context of note 2.5.1 to the Commission annual accounts (i.e. excluding "Other advances to Member States" (note 2.5.2) which is covered on a purely payment-made basis).

(4) Pre-financing actually cleared during the financial year (i.e. their 'delta' in the Financial Year 'actuals', not their 'cut-off' based estimated 'consumption').

(5) For the purpose of equivalence with the ECA's scope of the EC funds with potential exposure to legality & regularity errors (see the ECA's Annual Report methodological Annex 1.1), our concept of "relevant expenditure" includes the payments made, subtracts the new pre-financing paid out, and adds the previous pre-financing actually cleared during the financial year. This is a separate and 'hybrid' concept, intentionally combining elements from the budgetary accounting and from the general ledger accounting.

(6) In order to calculate the weighted Average Error Rate (AER) for the total relevant expenditure in the reporting year, the common representative error rate for FP7 and the Research Family expected representative error rate for the full sample for H2020, excluding draft reports, have been used. For MSCA grants, the "local" error rate has been used. For types of low-risk expenditure with indications that the equivalent error rate might be close to 'zero' (e.g. administrative expenditure, operating subsidies to agencies), we use 0.5% as a conservative estimate.

"(8) Even though to some extent based on the 7 years historic Average of Recoveries and financial Corrections (ARC), which is the best available indication of the corrective capacity of the ex-post control systems implemented by the agency over the past years, the AOD adjusted this historic average (1.2%), further to ECA/IAS recommendations, and used, as best estimation:

\*for FP7: the difference between overall detected error rate and the residual error rate

\*for H2020: the R&I family expected detected error rate for the full sample excluding draft audit reports and DG R&I residual error rate excluding draft audit reports."

### *Fraud prevention, detection and correction*

**REA has developed and implemented its own anti-fraud strategy since 2013, on the basis of the methodology provided by OLAF. It has been updated so far biannually. It was last updated in October 2019 following the adoption of the updated Commission Anti-fraud Strategy in April 2019. Its implementation is being monitored and reported quarterly to REA management. All necessary actions, except the drafting and updating of internal guidelines, have been implemented. The implementation of the missing actions is in progress; their completion is expected in 2021.**

The Common Anti-Fraud Strategy of the R&I family (RAFS), agreed by the CIC Executive Committee, addresses fraud risks shared by the various bodies implementing research framework programmes. Common communication activities, training for operational staff, intelligence analysis and risk-based audit preparation and selection ensure a consistent and efficient approach.

REA takes an active part in the development and the implementation of this strategy, through the Fraud and Irregularity in Research Committee (FAIR). As chair of the relevant FAIR working group, REA delivered, in 2020, the RAFS action to revise the common anti-fraud training material for the R&I family. As there is no common anti-fraud training for the R&I family, REA's anti-fraud training, based on this training material, is open to all of their staff.

The main purpose of REA's anti-fraud approach is to translate the strategic priorities into operational measures which address risks that are particularly relevant for the operations managed by REA. It underlines the importance of the existing operational and contractual measures already in place to mitigate fraud in the framework of the Horizon 2020 and the FP7 legacy. Awareness raising remains the main preventive measure.

**In 2020, REA also contributed to implementing the Commission's Anti-Fraud Strategy and analysed 100% of OLAF's *financial* recommendations stemming from 35 OLAF reports addressed to REA in 2009-2020 (amounting to EUR 15 million).**

Further to analysis performed with the support of the REA Anti-Fraud team, REA has established EUR 11.4 million as Financial Amount Established to be Recovered ("FAER")<sup>33</sup>, being 76% of the EUR 15 million covered by OLAF's financial recommendations.

For certain reports, OLAF did not issue any financial recommendations but supported recovery procedures already launched or intended by REA on the basis of audits, operational checks, reviews or terminations.

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<sup>33</sup> Actual amount to be recovered / corrected as established and confirmed by AOD.

**The detailed outputs and the results achieved during the year from the anti-fraud measures in place are included in Annex 7. They include quantitative information on the fraud cases initiated and followed-up, details of the implementation of OLAF's financial recommendations, and the state of play of the relevant performance indicators.**

**On the basis of the available information, REA has reasonable assurance that the anti-fraud measures in place are effective overall.** This conclusion is confirmed by the recent IAS audit report on the implementation of anti-fraud actions in the research area, stating that “the framework in place for the prevention, detection, and handling of fraud-related cases is adequately designed and effectively implemented, in compliance with the applicable rules”.

*Other control objectives: safeguarding of assets and information, reliability of reporting*

With respect to the administrative budget, the Agency protects its assets through a well-maintained internal control system for fixed assets and inventory management.

With regard to the operational budget, Table 4 in Annex 3 reports REA's overall assets. These assets of EUR 2,594 million are predominantly pre-financings paid to research grant beneficiaries and to the various entrusted entities implementing parts of Horizon 2020. They are therefore managed and controlled in the context of direct grant management. These amounts are cleared from the pre-financing accounts after validation of the cost claims and the relevant periodic management reports.

For the control objective of safeguarding information, the Business Process Owners (BPOs) located in REA in 2020 were at the same time system owners for the related IT tools for expert management (EMPP, EMI, ECS, Compass) and SEDIA participant register (URF/PDM). As system owners they ensured that the IT systems and/or information processes were appropriately designed. The BPOs have the overall responsibility for the system, they oversee the system development and are responsible for the security and data protection aspects. Relevant measures are applied to prevent, detect and monitor security breaches or leaks of personal and/or sensitive data.

The expert management and SEDIA systems' security is monitored and improved when appropriate. Formal procedures to add, manage and remove user access rights to IT applications are in place.

Concerning the management of classified information in Horizon 2020 projects, REA has processes and procedures for the handling of projects managing information classified as EU RESTRICTED and EU CONFIDENTIAL. In its audit on Horizon 2020 grant management phase III, carried out in 2020, the Internal Audit service identified some significant weaknesses. A dedicated action plan will address the shortcomings in briefings for monitors, the organisation and documentation of review meetings, the management of security breaches, and guidance for project officers and experts.

With respect to data quality, the ECA is undertaking an audit on the reliability of beneficiaries. In the context of that audit, the ECA is assessing the reliability of the statistic

on SME participation in the H2020 programme. At the time of finalising this report, the conclusions of the audit are not yet available.

*Benefits of the financial and the non-financial controls*

The quantifiable benefit of the controls described above is the effective and efficient implementation of the EU budget, expressed in absolute values for the total amounts committed and paid by the Agency.

On top of results indicated in previous sections, the controls that are implemented, as described in Annex 6, produce unquantifiable benefits. They are summarised here for grant management on the one hand and for the support services on the other hand.

**Direct grant management**

For effective and efficient grant management, REA benefits from the R&I family preparatory work in designing the Horizon 2020 Work Programmes and calls for proposals. The selection process, largely relying on independent expert evaluators, ensures that the best proposals are granted for projects which achieve their objectives. The results of these projects contribute to the overall impact of the framework programme and feed into evidence-based policymaking.

☞ % of successful evaluation review requests: 0.23%  
(2019 calls data - reviews from 2020 calls are ongoing)  
☞ % of projects having achieved all or most of their objectives: 95.64% in FP7 and 93.45% in Horizon 2020

☞ 141 success stories proposed to the parent DGs in 2019 for external communication purposes

The various non-financial ex-ante controls, carried out during the grant lifecycle, ensure that the projects are implemented in compliance with ethics principles, that they disseminate and exploit their results through open access to research data and publication, and offer visibility of the EU funding provided. The projects highlighted in section 1.3 demonstrate well the *EU added value* in 2020.

**Support services**

Effective and efficient controls for the legal and financial validation of participants contribute to the timely conclusion of the EU grant agreements and contracts and to the protection of the EU’s financial interest.

The Research Enquiry Service (RES) offers an efficient information system to applicants and beneficiaries, allowing for timely and relevant applications for EU funding and providing guidance for proper project implementation.

Strength identified by IAS in its audit report on the management of experts in Horizon 2020 grants:  
*“The central role of Unit REA.C4 for Horizon 2020 evaluators ensures overall coordination and coherence in contracting with experts as well as processing payments in a timely manner.”*

The administrative and logistical support provided by REA to the members of the R&I family for expert and call management ensures a harmonised and cost-effective organisation of the proposal evaluations for the research and innovation framework programmes.

### Conclusion on the effectiveness of the controls

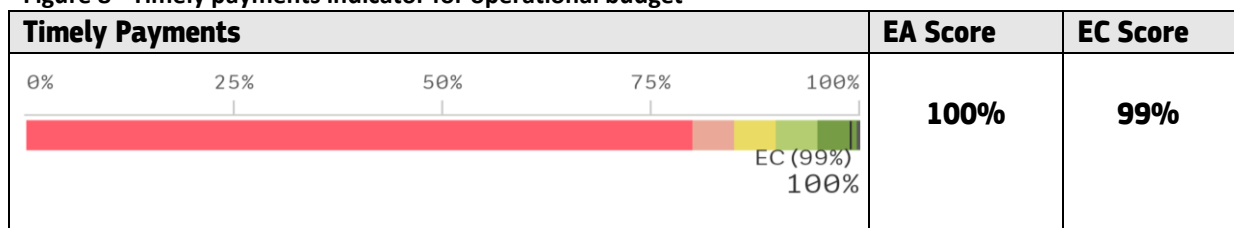
Based on the control results detailed in the previous subsections, REA's operations are effective with regard to the legality and regularity, the fraud prevention and other control objectives, in particular the safeguarding of assets, except for the pending further improvements for handling of EU RESTRICTED information in Horizon 2020 projects in follow-up to the 'very important' recommendation from IAS.

REA's immediate responses to the pandemic are described in section 1, under the challenges met in programme implementation and providing support services. REA has noted no material adverse effects of Covid-19 on its performance indicators, error rates, or the number of non-compliance events in 2020. An expected increase in bankruptcies among beneficiaries, which has not yet materialised, was assessed as the only budgetary risk of Covid-19 to REA operations. Additional measures for 2021 to manage the issue are described in section 2.1.3 below, concerning the risk assessments conducted.

### B. Efficiency = the Time-to-... indicators and other efficiency indicators

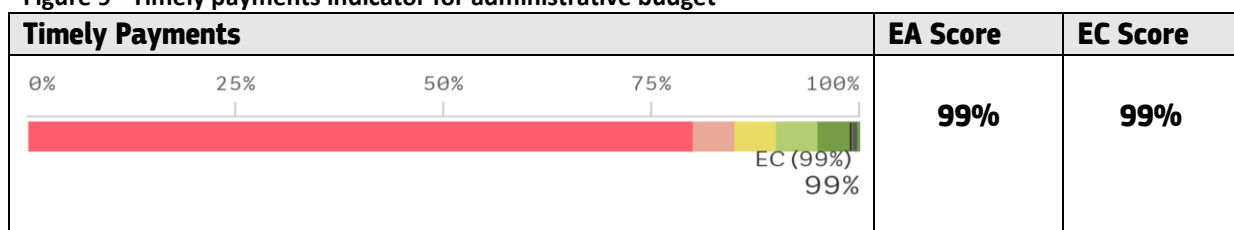
The overall efficiency of the transactions that REA performed in 2020 is demonstrated through the indicators for direct grant management and the administrative and logistical support services included in Annex 6. Detailed information per activity can be found under part 1 of this report or in Annexes 2 and 4 (new Financial Scorecard).<sup>34</sup>

**Figure 8 - Timely payments indicator for operational budget**



During the year, 1,974 pre-financing payments and 2,429 interim / final payments were made. Additionally, REA managed 25,838 payments related to experts, out of which 99.7% were paid in 7 days on average.

**Figure 9 - Timely payments indicator for administrative budget**

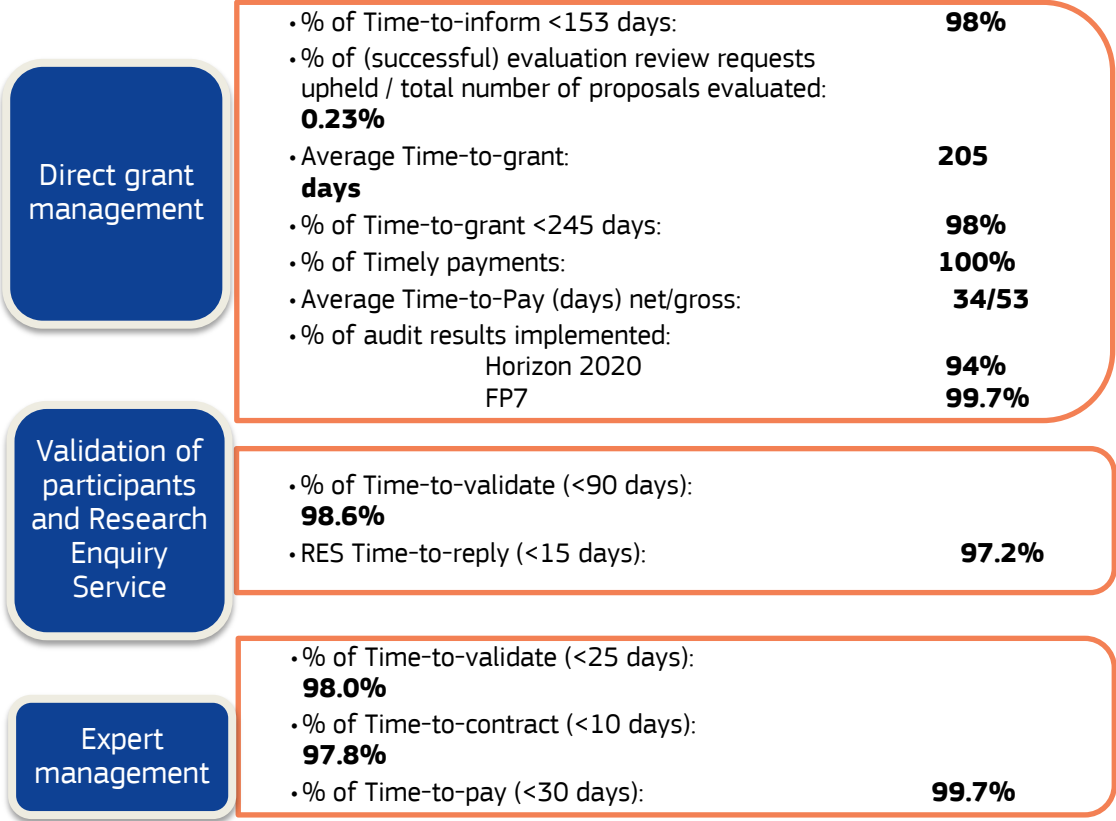


REA ensured efficient processing of payments within the legal deadlines. A total of 815 administrative payments were performed in less than 15 days in average, representing a performance of 99.0% timely payments. This performance is in line with the Commission's performance. Only 8 payments were

<sup>34</sup> Please note that as from this reporting period, the former 'payments-on-time (%)' indicator changed from the number of payments on time (in percentage) to the payment accepted amount in time (in percentage). This new perspective is reflected in the corporate standard "timely payments (%)" indicator, as reported in this section and in the new Financial Scorecard (new AAR Annex 4).

delayed, representing less than 1 % of the payments made and 0.74% of the total amount of payments processed during 2020.

**Figure 10 - Summary of the efficiency indicators**



As shown by the indicators, REA continued to deliver very efficient services to its external or internal stakeholders. The results are in line with the previous years’ performance or show improvements.

**C. Economy = the estimated cost of controls**

Following REA’s mandate to implement direct grant management for the FP7 and Horizon 2020 programmes and to provide administrative support services, this section gives an overview of the costs linked to the related control systems. Detailed figures are included in Annex 7.

*Economy of direct grant management*

As regards direct grant management, REA’s total cost of controls slightly increased in 2020, in line with the increase in the implemented budget. The ratio costs/payments, amounting to 2.61%, stayed in a similar range (2.53% in 2019). This is indicative of the stability of the Horizon 2020 programme’s control system.

However, an important part of the controls implemented for Horizon 2020 is delivered by the Common Implementation Centre of DG RTD. This is the case, in particular, for the ex-post audits that are entirely centralised in the Common Audit Service. After inclusion of

the costs incurred by the CIC, the estimated overall ratio costs/payments for the direct grant management is 3.98%, of which 0.11% is dedicated to the ex-post controls.

#### *Economy of administrative and logistical support services*

The costs of the corporate validation services incurred in 2020 amount to EUR 7.88 million. They do not compare to any implemented budget.

The support given to the evaluation and the expert management of the R&I family generated a total cost of EUR 73.86 million in 2020, of which EUR 5.49 million for staff costs, EUR 61.44 million paid to evaluation experts, and EUR 6.93 million of logistical costs for the evaluation facility. In table 21 of Annex 7, these costs compare to EUR 8,150 million of payments implemented under the Horizon 2020 programme by the R&I family members<sup>35</sup>. This represents a share of 0.91% in the cost of controls invested in the Horizon 2020 programme implementation, amounting overall to 3.98% of the related expenditure.

#### **D. Specific efforts to improve the efficiency and economy of controls**

The Agency is continuously improving its internal practices and takes creative initiatives in order to invest its resources in the most economical and efficient manner. The following examples, which were planned in the Annual Work Programme for 2020, reflect the commitment of REA to find the best relationship between resources employed and results achieved. The first example relates to the **ex-ante control system for the evaluation, ranking, and selection of proposals**. The second example addresses the **control system for contracting and payment of expert evaluators and monitors**<sup>36</sup>.

One of the most important aspects of proposal evaluation processes that involve experts working remotely is to ensure that all receive a high quality briefing before starting their assessments. This helps experts to deliver their reviews to the required standard and therefore increases efficiency by reducing the number of corrections to be made.

In 2020 REA piloted the wider use of an **eLearning tool to brief evaluators**, which was initially developed for two REA-implemented calls that had run remote consensus meetings since 2016. The tool includes a questionnaire that allows experts to assess their knowledge of the call and the process, therefore making the briefing more relevant and memorable whatever the level of previous experience.

The experts and REA staff involved in piloting the eLearning tool found it very advantageous. REA management therefore created a working group to consider with operational units how to apply the tool in REA-implemented calls. The group will provide resources for use across the Agency, such as a general eLearning course suitable for all REA experts, templates, and access to [The EU Academy](#) platform where eLearning courses developed by all EU Institutions can be made available to external users.

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<sup>35</sup> This amount does not include payments done by ERCEA, that does not use REA's corporate services.

<sup>36</sup> All REA control systems are listed in Annex 6 (Relevant Control System(s) for budget implementation).



REA also piloted a specific set of **ex-ante controls on experts' travel cost reimbursement requests that are proportionate to the risk profile of the claim.**

The EU Financial Regulation allows the design of ex-ante controls on payments to take account of results of previous controls, and to be based on assessments of cost-effectiveness and risk.

The approach is based on the Single Standard Unit Cost (SSUC) study carried out by DG BUDG and the machine-learning approach used by the Paymaster's Office (PMO) for processing medical reimbursement requests. REA would combine these, using travel bands to set a threshold for costs, complemented by a risk assessment (applied to the payment history of each expert) and random sampling.

For the lowest risk profiles, the pilot aimed at reducing the number of manual ex-ante checks on travel claims. The analysis of the financial impact and the potential efficiency gains will be completed in early 2021, nevertheless it is clear that in order to fully exploit the efficiency gains, the approach would need to be supported by the development of additional IT systems, specifically in order to generate the risk profiles for experts and identifying the payments to be sampled.

Furthermore, in 2020 REA **increased the efficiency of certain financial controls:**

- Guidance on how to treat beneficiaries that are assessed as having a negative financial capacity was provided to AOSDs. It highlights risk factors and provides information on possible risk mitigating measures to be taken in order to protect the EU budget.
- The members of the REA Network of Financial Officers received training on the criteria for exclusion from grants and the related declaration on honour by beneficiaries.

## E. Conclusion on the cost-effectiveness of controls

**Based on the most relevant key indicators and control results, REA has assessed the effectiveness, efficiency and economy of the control system and reached a positive conclusion on the cost-effectiveness of controls for which it is responsible.**

As demonstrated by the results detailed in the previous sections, also corroborated by the external evaluation and various internal audit reports, the effectiveness and the efficiency of the controls carried out in REA are overall consistently very good and in line with the objectives set for the programmes implemented or the support services provided. They are also proportionate to the risks underlying the operations.

The costs incurred for carrying out these controls with the above-mentioned quality are in balance with the control objectives set in terms of effectiveness and efficiency.

The control systems applied in REA aim at keeping the cost of programme implementation at a reasonable level, guaranteeing the quality of the operations and mitigating various risks. Therefore, they are subject to continuous adjustments to the current business environment.

## 2.1.2 Audit observations and recommendations

**This section sets out the observations, opinions and conclusions reported by auditors – including the limited conclusion of the Internal Auditor on the state of internal control. Summaries of the management measures taken in response to the audit recommendations are also included, together with an assessment of the likely material impact of the findings on the achievement of the internal control objectives, and therefore on management's assurance.**

### European Court of Auditors (ECA) audits

#### *DAS 2019 for the administrative expenditure (REA discharge)*

The ECA report adopted on 22 September 2020 stated that “the accounts of the Agency for the year ended 31 December 2019 present fairly, in all material respects, the financial position of the Agency at 31 December 2019” and that “revenues and payments underlying the accounts [...] are legal and regular in all material respects.”

#### *DAS 2019 and 2020 for the operational expenditure (Commission discharge)*

In its report on the implementation of the budget for the financial year 2019, the European Court of Auditors (ECA) concluded that the most likely error rate for Chapter 4 ‘Competitiveness for growth and jobs’ was 4%, compared to 2% the previous year. The ECA found that most errors related to the reimbursement of ineligible personnel costs, other ineligible direct costs (e.g. VAT, travel and equipment costs not related to the project) or ineligible indirect and subcontracting costs declared by beneficiaries. The ECA also referred to incorrect application of selection/award criteria. The errors identified included calculation mistakes, lack of supporting evidence for declared costs, and costs incurred outside the allowed period. Another error was the failure to respect the “no-double-funding” rule.

In the framework of the Declaration of Assurance (DAS) 2020, the ECA launched 13 audits on payments (interim, final or expert payment) made by REA. So far, the ECA reported only errors considered as non-detectable at the ex-ante control stage. In conclusion, the ECA did not find any errors different in nature from those that REA had already detected in its own ex-post audits.

#### *Follow-up of actions resulting from previous ECA audits*

As of January 2021, no outstanding recommendation was derived from ECA audits other than corrections to be implemented as a result of ex-post controls performed in the context of the DAS.

### Internal Audit Service (IAS)

IAS concluded in its contribution to the 2020 AAR process, based on the work undertaken in the period 2018-2020, that the internal control systems in place for the audited processes are effective, except for the observations giving rise to the ‘very important’ recommendation relating to the management of projects with EU RESTRICTED information.

Some remaining recommendations from previous years' IAS audits were finalised in 2020, as detailed below:

- Follow-up audit on Horizon 2020 grant management phase II (project monitoring and ex-ante controls) – all recommendations were closed by the IAS.
- Audit on the dissemination & exploitation of Horizon 2020 project results – the implementation of all remaining recommendations were finalised and submitted for closure to the IAS.

During the year, IAS undertook the following audits:

- Audit on REA Horizon 2020 grant management phase III (ex-ante controls on payments, management of projects with EU Restricted information, closure of Horizon 2020 projects) – Final audit report received on 25.01.2021.
- Multi-DG audit on the implementation of anti-fraud actions in the research area – Final audit report received on 27.01.2021
- Multi-DG audit on expert management in the research area – Final audit report received on 28.01.2021

Overall, IAS highlighted many strengths in REA's internal control system and identified only one area affected by a significant weakness: one very important recommendation relating to the management of projects with EU restricted information was received. This weakness covers a very limited portion of REA's project portfolio and results in a potential reputational risk (no financial exposure). This risk did not materialise in 2020.

REA accepted all the IAS recommendations and will address them by dedicated action plans agreed with the internal auditors. With regard to the very important recommendation, the actions include the update of REA internal guidance, the development of specific briefing material for research consortia and experts, improved handling of review meetings involving EU restricted deliverables, and the increase of staff awareness about the security rules and their obligations while managing projects with classified information.

In conclusion, REA received from the three audits finalised in 2020 no critical recommendation, one very important recommendation, and five important recommendations. The outcome of these audits does not require a qualification of the assurance provided by REA's control systems.

In addition, in 2020 IAS announced and started two further audits involving REA: the audit on SEDIA implementation, and the Multi-DG audit on the implementation of audit results in Horizon 2020.

### **2.1.3 Assessment of the overall effectiveness of internal control systems**

**The Commission has adopted an Internal Control Framework based on international good practice, to ensure the achievement of its policy and**

**management objectives. Compliance with the internal control framework is a compulsory requirement.**

**REA uses the organisational structure and the internal control systems suited to achieving its policy and internal control objectives in accordance with the internal control principles and has due regard to the risks associated with the environment in which it operates.**

### Continuous monitoring of the internal control system

The continuous monitoring of the system in 2020 was supported by:

- Regular managerial coordination at agency, department and unit level;
- Internal reporting mechanisms, such as the bi-annual reports from the Authorising Officers by Sub-Delegation (AOSDs), reinforced by the bi-annual reports from REA networks that focus on their contributions to the improvement of REA's control system. AOSDs also submit a short monthly report to the Director;
- Audit findings and the quarterly follow-up of the implementation of action plans stemming from audit recommendations or other exercises;
- Monitoring of the exceptions and non-compliance cases;
- The results of the annual review of the Agency's Internal Control Monitoring Criteria (ICMC);
- Monitoring of the outcome of ex-post checks on grant beneficiaries;
- Ad-hoc information sources, such as feedback from the independent observers of the proposal evaluation process.

This monitoring of internal control systems was documented more extensively in the report of the RMIC to the attention of the Authorising Officer by Delegation of 17.02.2021<sup>37</sup>.

### REA's assessment of risks, including from Covid-19

In June 2020, REA specifically assessed risks from the Covid-19 pandemic to the performance and compliance of the implementation of the 2020 budget. An analysis of the AOSDs' monthly reports (see above) in April-May 2020 showed the multiple measures taken to respond to the situation, including fully-remote evaluations of proposals, coordination with the CIC on replies to beneficiaries' queries, and changes to experts' contracts. The assessment identified no risk to compliance<sup>38</sup>, since the controls in place to assess legality and regularity remain robust. There are corporate arrangements (described in the Covid-19 FAQs that the CIC has published<sup>39</sup>) for deviation from the grant agreement,

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<sup>37</sup> Ares(2021)1312427

<sup>38</sup> The measures taken to address Covid-19 risks to budgetary performance are described within the sections 1. and 1.10 of this report, which cover the challenges affecting programme implementation and REA support services.

<sup>39</sup> <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/support/faq?type=1;programme=H2020;keyword=COVID-19%20outbreak>

justified with reference to the principle of *force-majeur*. REA continues to address the residual Covid-19 risks through its mainstream management structures and is adjusting its response regularly. For example, REA will continue to ensure that: the handling of and the communication with bankrupt beneficiaries is rapid and effective.

In its annual risk assessment exercise, REA identified four significant risks for 2021, of which one relates to Covid-19 (its consequences on projects' performance, duration, and schedules for reporting/payments). No risk was found to be critical. The risk assessment also referred to REA's transition strategy to prepare for its forthcoming mandate under the MFF 2021-2027. This strategy was established in the first half of 2020 in order to timely mitigate the risks relating to this transition.

### Legal affairs and European Ombudsman cases

As in previous years, the legal files and complaints procedures handled in 2020 identified no major shortcomings. In the six Ombudsman enquiries closed in 2020, no maladministration from REA was found.

In addition, REA added to its website<sup>40</sup> a statement on its use of languages when communicating publically, following the Ombudsman's 2020 recommendations<sup>41</sup> to all EU services on this matter.

### Conclusion

**REA has assessed its internal control system during the reporting year and has concluded that it is effective and the components and principles are present and functioning well overall, but improvements are needed as regards a moderate deficiency in the management of projects with EU Restricted information.**

The improvements and/or remedial measures are included in various action plans, such as:

- action plans stemming from audit recommendations;
- the internal control action plan for 2021;
- the continuation of staff training on data protection.

**Particular strengths have also been identified, for example:**

- Internal communication, business continuity and training of staff (on tools/best practices for virtual meetings, etc.). This was demonstrated by the continued operation and high performance of the Agency during the 2020 pandemic.
- The internal audits recurrently highlighted the strong control environment of REA as well as the contribution of the REA networks to its harmonised and consistent implementation.

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<sup>40</sup> [https://ec.europa.eu/info/sites/info/files/rea\\_statement\\_on\\_language.pdf](https://ec.europa.eu/info/sites/info/files/rea_statement_on_language.pdf)

<sup>41</sup> Ombudsman decision of 26.03.2020 on case SI/98/2018/DDJ, <https://www.ombudsman.europa.eu/en/correspondence/en/129519>

- All seven REA networks and REA staff contributed to the review of the current controls in order to propose efficiency gains to management in preparation for REA's new mandate.

#### **2.1.4 Conclusions on the assurance**

**This section reviews the assessment of the elements already reported above (in Sections 2.1.1, 2.1.2 and 2.1.3) and the sub-conclusions already reached. It draws an overall conclusion to support the declaration of assurance and whether it should be qualified with reservations.**

The information reported in part 2 stems from the results of monitoring by management and auditors, based on a systematic analysis of the evidence available. They fully support the Declaration of Assurance with respect to the use of resources for the intended purpose and in line with the principles of sound financial management, legality and regularity. This approach gives a true and fair view, and offers sufficient guarantees regarding the completeness and reliability of the information on the controls, covering the totality of the budget delegated to the REA Director.

Part of the FP7 segment of REA's expenditure is affected by material errors. However, the combined effects of the low share that it represents in the budget implemented in 2020 (0.30% of total payments and 1.6% of the relevant expenditure) and of the low financial exposure (EUR 1.27 million)<sup>42</sup> fall within the "*de minimis*" threshold that applies to reservations. As a consequence, a reservation is no longer introduced in the declaration of assurance for the FP7 expenditure.

As regards the significant qualitative weakness (without financial impact) identified by IAS with respect to projects generating EU restricted information, it covers a very limited part of REA's portfolio of projects. It results in potential reputational risks, which have not materialised in 2020. Therefore, no reservation will be made.

#### **Overall Conclusion**

**In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements and reinforcements are being implemented. The Director, in his capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance.**

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<sup>42</sup> For details, please refer to the table "Estimated overall risk at closure" at the end of section 2.1.1/A

## **Declaration of Assurance**

***I, the undersigned, Marc Tachelet***

***Director of the Research Executive Agency,***

***In my capacity as authorising officer for the operating (administrative) budget and authorising officer by delegation for the operational budget***

***Declare that the information contained in this report gives a true and fair view<sup>43</sup>.***

***State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.***

***This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the Internal Audit Service and the lessons learnt from the reports of the European Court of Auditors for years prior to the year of this declaration.***

***Confirm that I am not aware of anything not reported here which could harm the interests of the Research Executive Agency or those of the Commission.***

***Brussels, date .....***

***(e-signed)***

***Marc TACHELET***

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<sup>43</sup> True and fair in this context means a reliable, complete and correct view on the state of affairs in the Executive Agency.

## 2.2 Modern and efficient administration – other aspects

In this subsection, REA reports on work in the fields of **human resources, information management and external communication**. Overall, the Agency achieved its objectives as set in its Annual Work Programme 2020, successfully addressed the challenges of coping with the impact of the **Covid-19** pandemic, and carefully prepared the transition to the **next mandate**. As in previous years, REA has put an important emphasis on the close cooperation with the Commission's services and with the other executive agencies.

The various outputs and the state of play of the indicators concerning administrative activities are fully reported in Annex 9.

### 2.2.1 Human resource management

The Agency shared with the Commission services the general challenge of working in a fully remote environment which was managed through the framework set for the Commission as a whole. The following measures contributed to the handling of the crisis:

- Priority to keeping staff informed of the latest developments, as steered by the REA Crisis Management Team;
- The Common Committee for Prevention and Protection at Work (CPPT) for all Brussels-based EU Executive Agencies<sup>44</sup> made recommendations to agency Directors, all related to the Covid-19 situation;
- The selection and recruitment processes at REA were adapted to the situation, by using remote communication and secure electronic signatures for offers and contracts;
- Staff training was effectively delivered online, including new sessions on using remote meeting tools.

In order to ensure the readiness of the Agency for the start of the new mandate, the REA Transition Strategy included the following actions that focused on human resources:

- Information sessions and job shadowing opportunities for staff, both in REA and in the Commission services intending to delegate further activities to REA;
- Early identification/appointments of managers for the incoming programmes and preparation for block transfers of the staff from the Commission or other Agencies to REA;
- Collecting REA staff wishes for internal and external mobility in the context of the reorganisation of the executive agencies for the new Multiannual Financial Framework;
- An information hub for staff was put on the REA intranet, ensuring transparency on the progress towards the new mandate.

Other developments in 2020 included the completion of the remaining nine actions that followed up on the 2018 staff survey, and a specific selection procedure<sup>45</sup> enabling

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<sup>44</sup> Set up on 30 March 2020



contract staff in function groups I and II to change to a higher function group matching the level of tasks actually performed.

The percentage of female representation in middle management (41%) and the staff engagement index (70%) were in line with the targets set. 55% of REA staff agreed that the organisation cares about their wellbeing at work. This value was lower than the previous and predicted levels, but reflected the challenges of the sudden move to teleworking during the Covid-19 pandemic. The REA value was higher than that for Commission staff as a whole (48%).

## 2.2.2 Information management

Both the pandemic and the transition to a new mandate represent major challenges in terms of information management. The following measures contributed to addressing them:

- Distribution, in a safe and secure way, of more than 600 new laptops and 400 desktop screens for home use;
- Assisting colleagues to use approved tools for online meetings, and face-to-face support to web-streaming and video conferencing meetings on REA premises;
- Development of a tool for staff to register and monitor presence in REA premises;
- Successful implementation of the pilot to enable the Qualified Electronic Signature (QES) of Commission e-documents, based on EU Regulation 910/2014 (the eIDAS Regulation), in financial circuits for administrative expenses and HR-related processes that are now paperless;
- Technical preparatory work to ensure that electronic files within the finance, personnel, and document management systems can be transferred to/from the relevant service/staff (almost one million of REA e-files) when the new REA delegation enters into force in 2021.

### Protection of Personal Data

The REA Data Protection Officer (DPO) designed and delivered staff training following an intensive awareness-raising campaign within the Agency. In total 192 REA staff members (25.5% of staff) enrolled for training on data protection in 2020.

The DPO has established an inventory of REA personal data processing activities, which was further reviewed and updated in 2020, in collaboration with the data controllers. The register of the REA data processing and data protection notices are published on the REA Intranet pages dedicated to data protection, and on the REA public webpage<sup>46</sup>.

During the year, the REA DPO assisted data controllers on six data breach cases and provided guidance on how to assess the related risks. Data controllers have recorded them

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<sup>45</sup> REA/2020/CA/ART13/FGII-FGIII based on the provisions of Article 13 of the General Implementing Provisions (GIPs) for contract staff

<sup>46</sup> [https://ec.europa.eu/info/sites/info/files/register\\_of\\_records\\_of\\_personal\\_data\\_processing\\_activities\\_in\\_rea.pdf](https://ec.europa.eu/info/sites/info/files/register_of_records_of_personal_data_processing_activities_in_rea.pdf)

in the Data Breach Register and reported them to the European Data Protection Supervisor (EDPS), where appropriate.

Following the 2020 judgment of the Court of Justice of the EU invalidating the EU-U.S. Privacy Shield, REA carried out a mapping exercise to identify flows of personal data to third countries, at the request of the EDPS. REA only reported that during expert management, such data transfers take place within a secured IT system using corporate tools. REA therefore concluded that these transfers are low risk. In addition, REA has not signed any contracts with external contractors established outside the European Economic Area.

The executive agencies must adopt their own internal rules on the restriction of data subjects' rights under Article 25 of Regulation (EU) 2018/1725. The DPOs of the executive agencies jointly prepared a common template for this purpose and submitted it to the EDPS for consultation. The REA Steering Committee subsequently adopted in December 2020 internal rules on the restriction of data subjects' rights. Translation and publication in the Official Journal of the EU is required, which is ongoing.

### **2.2.3 External communication**

The DGs and executive agencies share the common goal of effective communication on Horizon 2020 and work together to fully exploit communication potential while keeping in mind their different roles.

The emergence of the Covid-19 crisis had a major impact on REA's external communication activities, firstly by placing the additional urgent requirement of keeping REA's external stakeholders informed of changes related to the programme (e.g. call deadlines postponed, changes to experts' travel) and to projects (e.g. personnel costs when teleworking).

REA also worked to identify 170 projects rapidly that are related to Covid-19, as part of a Commission-wide communication exercise. As well as directly-relevant research (e.g. on species barriers of Coronaviruses), they include projects tackling misinformation about topics of public interest, integrating different fields of expertise to enhance public policy responses to Covid-19, and analysing crisis management solutions.

The annual targets for REA's digital presence were surpassed, and although Covid-19 restrictions meant that REA could only hold five of the planned 28 events in 2020, five information days for project coordinators were reorganised online. The online format met the needs and expectations of the majority of the surveyed participants. REA staff and projects also presented at two major virtual conferences, [European Science Open Forum \(ESOF\)](#) and the [EU R&I Days](#).