



European  
Commission

# Annual Activity Report 2023

European Research Council

Executive Agency

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# THE ERC AND ITS AGENCY IN BRIEF



The European Union created the European Research Council (ERC) in 2007 to respond to the scientific community's need for a pan-European funding focusing on bottom-up frontier research. The ERC's mission is to encourage the highest quality research in Europe through competitive funding and to support investigator-driven frontier research across all fields, based on scientific excellence. The ERC is composed of an independent Scientific Council and the ERC Executive Agency (ERCEA) as dedicated implementation structure.

The Scientific Council governs the ERC, and it defines the ERC's scientific strategy. It consists of 22 eminent scientists and scholars, appointed by the European Commission based on the recommendations of an independent Identification Committee.

The ERCEA was created in 2009 to implement the ERC work programme. The effective link to the Scientific Council is ensured by the ERC Board composed of the ERC Scientific Council President, the three Vice-Presidents and the ERCEA Executive Director. The operations of the

ERCEA are supervised by a Steering Committee composed of three Commission officials from the agency's parent DG (DG RTD) as well as two members of the ERC Scientific Council. An observer from the Commission's central services is part of the Committee, together with the ERC President.

Under the Excellent Science pillar in Horizon Europe (HE), the ERCEA is responsible for managing the ERC work programmes with EUR 16 billion for the period 2021-2027, among which EUR 2.2 billion committed in 2023. The Agency also manages the legacy of ERC component of Horizon 2020 (H2020) and Ideas Framework Programme (FP7).

In 2023, the ERCEA opened five calls for proposals, four for the ERC's main grants: Starting Grants (StG), Consolidator Grants (CoG), Advanced Grants (AdG) and Synergy Grants (SyG), which are investigator-driven, long-term frontier research grants. It also opened a Proof-of-Concept (PoC) call to which ERC funded researchers can apply if their research has generated new ideas having the potential for commercial and social innovation. The Agency received 7 662 applications to 2023 calls and signed 1 503 new grants. The ERCEA monitored a portfolio of 7 095 running grants and made 4 573 payments throughout the year.

The ERCEA also supported the activities of the Scientific Council <sup>(1)</sup>. In this context, work for the preparation for the next framework programme started.

The ERC Scientific Council decided in its February 2023 plenary session to pilot a lump-sum cost model in the AdG call 2024. The aim is to make grant implementation simpler and less bureaucratic for researchers and beneficiaries. This pilot also supports the Commission's plan to increase the share of simplified cost options. The ongoing adaption of the lump-sum model to the ERC programme and the related technical preparatory work represented a major effort and required intense collaboration with the parent-DG's Common Implementation Centre (CIC).

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<sup>(1)</sup> Details are available under point 1.5 Support to the ERC Scientific council, page 18.

## EXECUTIVE SUMMARY

This Annual Activity Report is a management report of the ERCEA Executive Director 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>(2)</sup>.

### A. Highlights of the year

The ERCEA successfully implemented the calls for proposals included in the ERC Work Programme and met all its key performance indicators <sup>(3)</sup>. Significant increases in application numbers between 9% and 29% were observed for the 2023 AdG and the 2024 StG and SyG calls; the two latter already had applications' deadlines in the last quarter of 2023. The Agency also managed 4 573 payments.

High-quality evaluations comprising on-site panel meetings with groups of 12-16 high-level experts appointed by the ERC Scientific Council are the backbone of the ERC's success. To stay close to its evaluation centre and ensure the smooth operation of its panel meetings, the ERCEA signed a lease extension for five floors in its current building, COV2. This contract includes an early exit clause in line with the contract for the COVE building hosting the evaluation centre.

The Agency published its first Feedback to Policy report on "Sustainable food production and consumption" in June 2023. This report is referenced in DG RTD's Scientific Opinion *Towards sustainable food consumption*. The ERCEA also co-organised a very successful public event with the European Parliament's Panel on the Future of Science and Technology (STOA) on "Science-driven solutions for sustainable food" with the participation of Commissioner Ivanova, members of the European Parliament, Chief Scientific Advisor Lambin, ERC President Leptin and ERC grantees. It further published a report on biodiversity in which it links ERC-funded frontier research projects to the EU's Biodiversity Strategy for 2030. The ERCEA contributed with a portfolio selection of 58 projects to DG RTD's publication *Trends in Advanced Manufacturing*, too. These analyses showcased the relevance of the results of frontier science to different EU policy priority areas.

In October 2023, two ERC grantees, Ferenc Krausz and Anne L'Huillier, were awarded the Nobel Prize in Physics together with Pierre Agostini (who worked last in the United States of America). This brought the number of ERC grantees who have won a Nobel Prize up to 14 since 2009. Updated numbers also showed that out of all the publications reported for H2020 6.4% were among the top 1% of most highly cited papers. This considerably exceeded the 1.8% target and is another testament of the excellence label associated to the ERC and the high-quality knowledge created by ERC grantees.

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<sup>(2)</sup> Article 17(1) of the Treaty on European Union.

<sup>(3)</sup> In one case the target was not met (the call SyG 2023 was 1.52% above the target reaching 1.52%).

2023 also saw a significant increase in the reach of the ERC's communication including media mentions, video views and social media engagement.

Due to the ongoing Russian war of aggression against Ukraine, the Agency continued a thorough screening in line with the corporate guidance to confirm that no Russian entity was participating as beneficiary or as linked third party in ERC grants. No problematic situation was identified in terms of involvement of individuals, in-kind contributors or subcontractors based in Russia or fieldwork foreseen in Russia.

The ERC welcomed the good news about the adoption of the political agreement on association of the United Kingdom to HE to take effect on 01.01.2024, as well as the Common Understanding announced by the European Commission and the Swiss authorities.

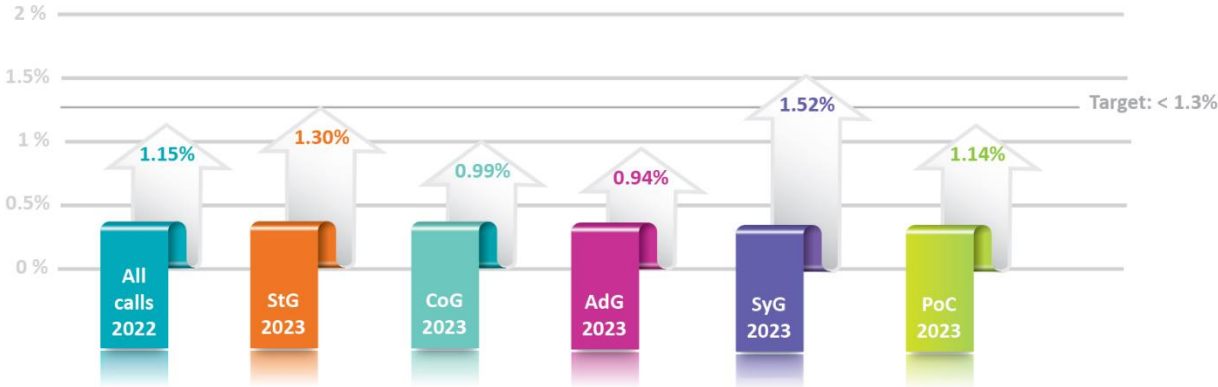
To align the management team's common understanding on priorities until the end of the HE, under the auspices of the Executive Director, the ERCEA management team developed and adopted the ERCEA Strategy in 2023. The team identified four foci to guide resource use and initiatives:

- High quality services with a sustainable and efficient workload,
- Staff motivation and retention,
- Collaboration and cooperation with the parent DG and the EC central services while taking into account and ensuring ERC-specific procedures or tools when needed to implement the ERC work programmes. and
- Supporting the Scientific Council in developing the ERC funding instruments and its own scientific strategy for the next framework programme. Finally, an action plan for 2024 was developed in collaboration with the Agency's Heads of Sector.

## B. Key performance indicators (KPIs)

ERCEA’s five KPIs, together with their targets, reflect what was laid out in the Agency’s 2023 Annual Work Programme. Results 2023 show that the Agency met all KPIs.

### 1. Overall percentage of redress cases received



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The total number of redress cases received for 2022 calls reaches 1.15% <sup>(4)</sup>. Regarding the 2023 calls, all evaluations are completed except for AdG. This means that the values given for AdG 2023 may evolve. Only the call SyG 2023 is above the target reaching 1.52%. However, due to the relatively small number of proposals received for SyG in comparison to those received for the other main grant schemes (around five time less), this still represents a very low number of redress cases (i.e. six for SyG versus 38 for StG in 2023). From all these 2023 redress cases, only one re-evaluation took place which outcome confirmed the initial evaluation result of the Agency (proposal not funded).

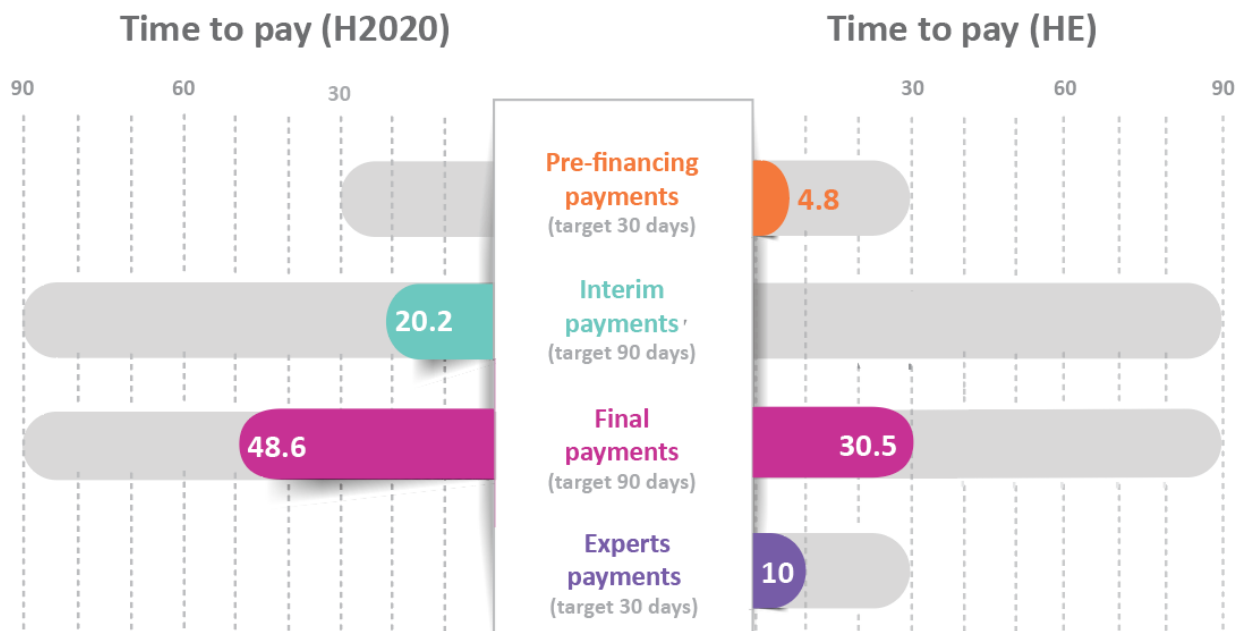
<sup>(4)</sup> The total number of redress cases received for 2023 calls will only be known in 2024.

## 2. Time to grant measured (average) from call deadline to signature of grants



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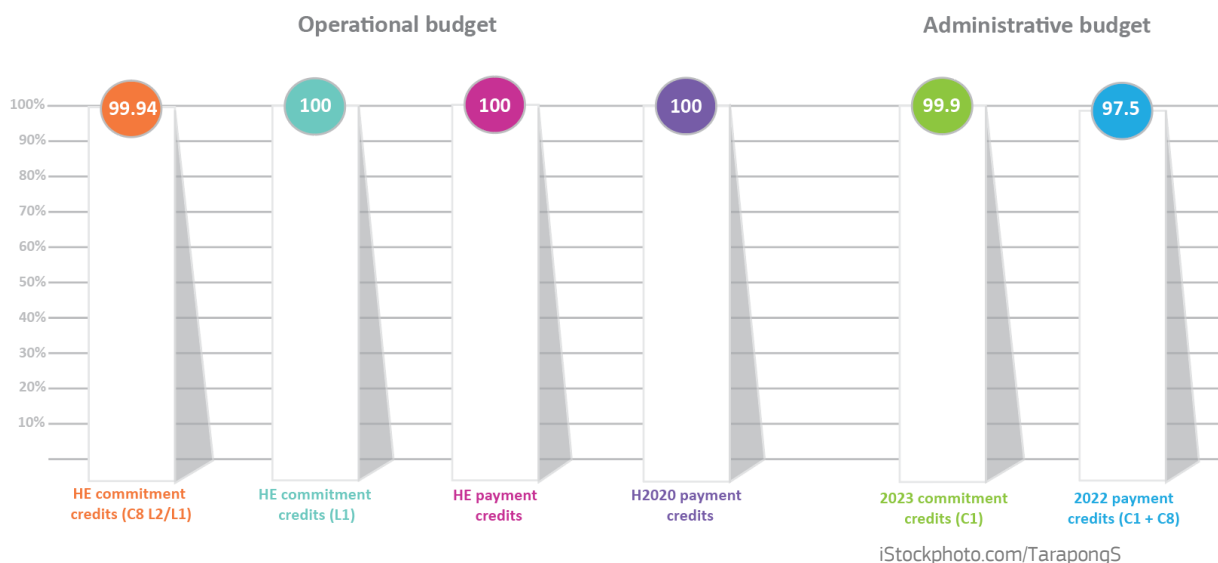
## 3. Time to pay



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#### 4. Budget execution <sup>(5)</sup>



#### 5. Estimated risk at payment / closure

The estimated overall risk at payment for expenditure amounts to EUR 30.86 million, representing 1.80% of ERCEA's total relevant expenditure for 2023 (target: <2%). This is the Authorising Officer by Delegation's best, conservative estimation of the amount of relevant expenditure during 2023, which eventually may not be in conformity with the contractual and regulatory provisions applicable at the time the payments were made. This amount of 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 the 2023 expenditure amount to EUR 13.67 million.

Therefore, the difference between those two amounts results in the estimated overall risk at closure of EUR 17.18 million, representing 1% of the Agency's total relevant expenditure for the year 2023 (1.09% in 2022).

<sup>(5)</sup> For the administrative budget, 99.9% were committed in 2023 but 97.5% paid. The remaining amount was paid in the first weeks of 2024.

## **C. Key conclusions on internal control and financial management**

In line with the Commission's Internal Control Framework, the ERCEA assessed its internal control systems during the reporting year and concluded that the internal control principles are present and functioning. Please refer to Annual Activity Report section 2.3 for further details.

In addition, the ERCEA 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 for further details.

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

**D. Provision of information to the Commissioner**

In the context of the regular meetings during the year between the Executive Director and the parent- DG 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- DG Director-General.

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

The ERCEA Annual Work Programme (AWP) defined the management of the general objectives delegated to the ERC under H2020 and HE. In addition, the ERC Work Programme (WP) 2023, established by the Scientific Council and adopted by the Commission, describes in detail the different funding instruments to support bottom-up frontier research.

Considering the bottom-up nature of the ERC calls and its wide scope that addresses all research disciplines, the ERCEA is de facto contributing to the six headline's ambitions <sup>(6)</sup> of the von der Leyen Commission. However, for the same reason, it is neither possible to plan ex-ante what the ERCEA will effectively deliver to support each Commission's objective nor possible to define related targets.

Contributions to all headline's ambitions of the Commission are illustrated in the sections below that capture key figures on the implementation of the ERC component "Excellent Science" of H2020 and HE, including the FP7 programme "Ideas".

Even if there is no specific HE Key Impact Pathways (KIP) for the ERC, the Agency contributes to them thanks to three indicators <sup>(7)</sup> placed under the scientific impact pathways indicators.

To ensure the reliability of the performance information, the Commission makes substantial efforts and has established new corporate criteria for the controls to be carried out on EU research spending programmes. The ERCEA contributes to those efforts and applies those controls for the programmes delegated to it. The controls carried out in this regard did not reveal any significant issue. Information on the sources and quality of performance data are provided throughout this report.

Last but not least, the ERCEA implemented for the second year the initiative ERC4Ukraine launched in 2022 <sup>(8)</sup>.

## 1.1. Management of Calls

In 2023, the ERCEA completed five calls for proposals.

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<sup>(6)</sup> These are: 1) A European Green Deal, 2) A Europe fit for the digital age, 3) An economy that works for people, 4) A stronger Europe in the world, 5) Promoting our European way of life and 6) A new push for European democracy.

<sup>(7)</sup> OJ L 170/65 & 66 -12.05.2021: 1) Creating high quality new knowledge; 2) Strengthening human capital in R&I; 3) Fostering diffusion of knowledge and open science.

<sup>(8)</sup> [ERC for Ukraine | ERC \(europa.eu\)](#)

Call identifier	Opening date	Closing date	Target: Indicative n° of outputs	Results 31/12/23
<b>ERC-2023-StG</b>	12/07/2022	25/10/2022	407	400
<b>ERC-2023-CoG</b>	28/09/2022	02/02/2023	300	292
<b>ERC-2023-AdG</b>	08/12/2022	23/05/2023	246	on-going
<b>ERC-2023-SyG</b>	13/07/2022	08/11/2022	30	28
<b>ERC-2023-PoC</b>	20/10/2022	1) 24/01/2023, 2) 20/04/2023, 3) 14/09/2023	} 200	234

The call planning including the evaluation of the submitted proposals was strictly respected. The evaluations of the 2023 AdG call are still ongoing at the time of writing and results will be available later in 2024.

**General objectives: 1) A European Green Deal, 2) A Europe fit for the digital age, 3) An economy that works for people, 4) A stronger Europe in the world, 5) Promoting our European way of life, 6) A new push for European democracy.**

**Main outputs in 2023:**

Output	Indicator	2023 Target	2023 Results
Launch of 2022 calls	Number of calls for proposals successfully launched according to agreed deadlines	1 (AdG-2022)	1
Evaluation of 2023 calls	Number of calls evaluated in 2023	6 (AdG-2022 step 2, StG-2023 step 1&2, CoG-2023 step 1&2, AdG-2023 step 1, SyG-2023, PoC-2023)	6
Grants signed in 2023	% of proposals selected under 2022 calls granted in 2023	100% <sup>(9)</sup>	100%

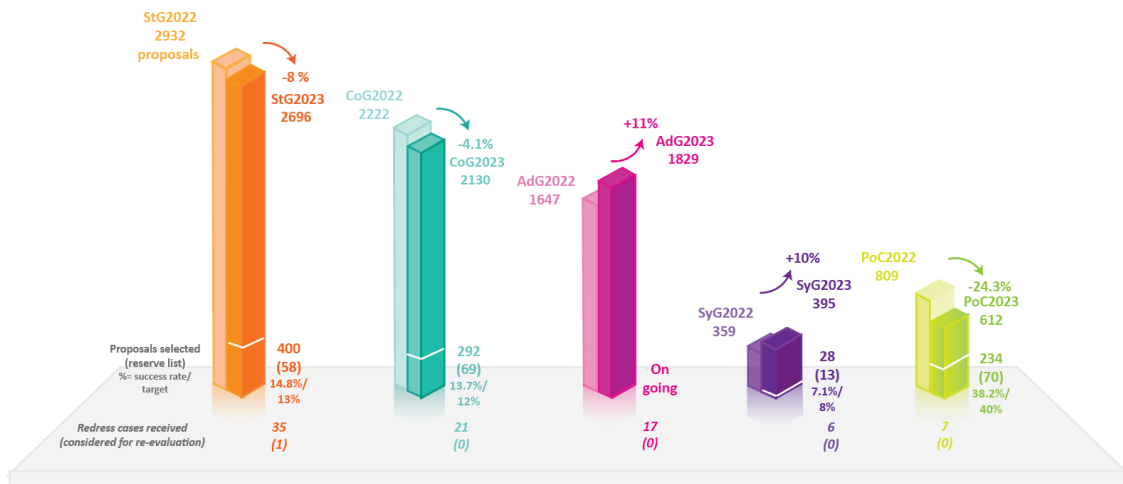
Overall, in response to the 2023 ERC calls, applicants submitted 7 662 proposals that represents a stable trend with 1% increase overall in submissions compared to last year.

Details can be observed in the graph below <sup>(10)</sup>.

<sup>(9)</sup> Covering all successfully concluded projects e.g. excluding terminations, withdrawals, etc.

<sup>(10)</sup> PoC-1, PoC-2 and PoC-3 submissions results have been merged for this graph.

% increase/decrease of submissions to 2023 calls and selected proposals



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## 1.2. Grant Management

By the conclusion of the year, a total of 1 503 grants stemming from the 2022 ERC and 2023 ERC calls were officially endorsed, amounting to EUR 2.72 billion. It's noteworthy that the commitment credits associated with the ERC Work Programme 2023 reached EUR 2.2 billion.

Interagency collaboration proved pivotal, notably amidst the sensitive political landscape influenced by Brexit, which continued to impede the preparation and signing processes of various HE grants across diverse calls. This circumstance resulted in the termination of 228 grant agreements with UK-based entities subsequently prompting invitations from the reserve lists to fill the voids. It is also important to mention that 27 initial UK-based entities used the portability of ERC grants (i.e. Principal Investigators moved to Host Institutions located in the EU or countries associated to HE allowing grants to be signed).

Furthermore, the incorporation of measures to safeguard the Union budget against violations of the principles of the rule of law in Hungary introduced an additional layer of scrutiny during grant preparation. Additionally, the granting process for CoG and PoC-2023 calls involving Israeli beneficiaries posed notable challenges, exacerbated by the uncertain political climate in Israel following the events in October.

The requirement within HE for private entities to undergo a Financial Capacity Assessment revealed two ERC beneficiaries with limited financial capacity. As a mitigating measure, the reinforced monitoring flag was activated for these cases.

In anticipation of the introduction of the AdG lump sum scheme in 2024, the Agency pursued the groundwork in 2023, focusing on refining the granting modalities and addressing the technical implementation facets of the forthcoming scheme.

The following table <sup>(11)</sup> provides an overview on the implementation of calls from FP7, H2020 and HE charged to the previous year's budget, highlighting the volume of ERCEA's grant preparations, pre-financings, interim and final payments.

FP	Running projects 01/01/2023		Grants signed in 2023		Payments made in 2023		Projects closed in 2023		Running projects 31/12/2023	
	Number	M EUR	Number	M EUR	Number	M EUR	Number	M EUR	Number	M EUR
<b>FP7</b>	11	4.9	0	0	2	1	10	1.8	1	2.1
<b>H2020</b>	5 211	3 016	0	0	3 114	945	1 006	43.6	4 205	2 027
<b>HE</b>	1 396	1 119	1 503	2 717	1 457	1 620	10	3.4	2 889	2 212
<b>Total</b>	<b>6 618</b>	<b>4 140</b>	<b>1 503</b>	<b>2 717</b>	<b>4 573</b>	<b>2 566</b>	<b>1 026</b>	<b>48.8</b>	<b>7 095</b>	<b>4 241</b>

Each budget year, the Agency processes grant agreements, and budgetary commitments (so-called C8 credits) from the calls of the previous year. Also, it proceeds with the global commitments (per call - under C1 credits) and the granting for the calls of the given year as soon as the evaluation results become available.

The table displayed above shows that at year-end, the total ERCEA grant portfolio encompassing HE, H2020 and FP7 projects counted a total of 7 095 running grant agreements.

Regarding payments, the ERCEA carried out 4 573 of them in 2023 <sup>(12)</sup> (vs. 5 079 in 2022), representing a decrease of 10% compared to 2022. They were mainly H2020 interim payments - in line with the programmes' maturity - namely 2 228 compared to 2 746 in 2022, for an amount of EUR 821.9 million. 885 H2020 final payments for an amount of EUR 123.2 million were processed in 2023 compared to 1 134 in 2022 (-22%). Payments related to HE concerned pre-financing payments (1 451) for an amount of EUR 1.6 billion, and final payments (6) for an amount of EUR 180 000. Payments related to FP7 concerned final payments (2 vs 14 in 2022).

Furthermore, 5 481 expert payments were made throughout 2023 <sup>(13)</sup>, summing up to EUR 18.9 million.

During 2023, 1 401 new amendments were requested (1 154 for H2020, 247 for HE) by beneficiaries, and 1 388 amendments were signed <sup>(14)</sup>. Overall, 2023 experienced a gradual return to normal since the amendment activity decreased in comparison to 2022 where 1 607 amendments were signed.

In terms of typology of amendments, changes are mostly related to change of reporting periods (27%) for H2020, closely followed by changes of action duration (25%), and Annex I (23%). Most of HE amendments concerned changes of Annex I (20%).

<sup>(11)</sup> A more detailed table is available in annex 2.

<sup>(12)</sup> Expert payments excluded.

<sup>(13)</sup> Decreasing by 12% compared to 2022 (6 229).

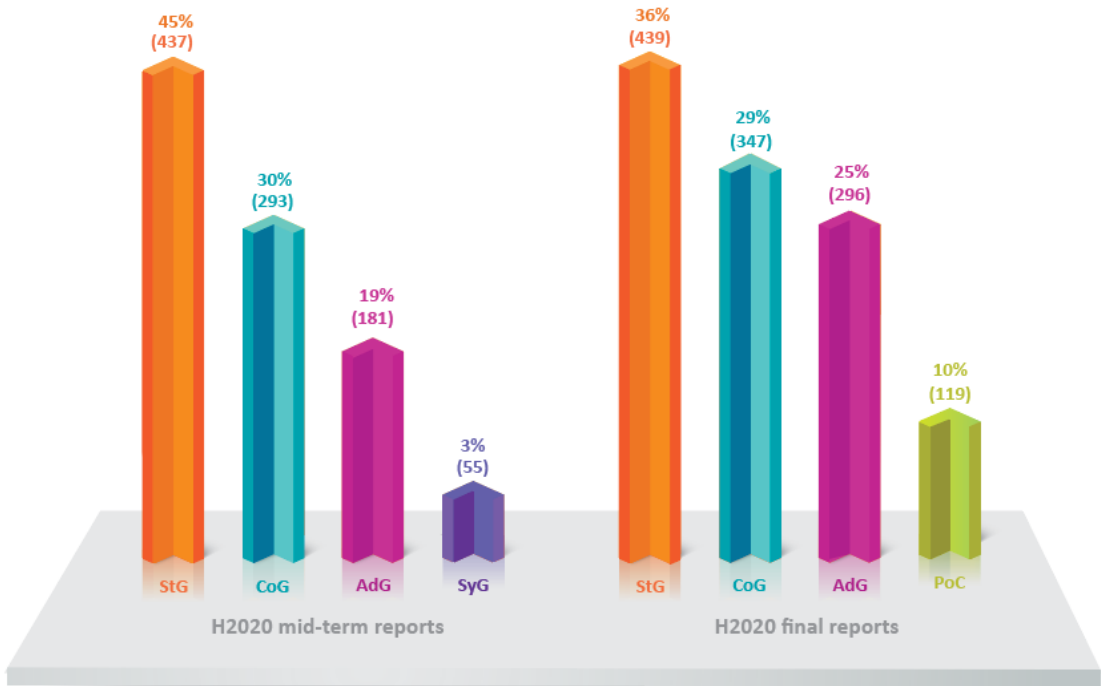
<sup>(14)</sup> Time to amend (target 45 days): average of 5.3 days for HE grants, 6.6 days for H2020 grants.

Finally, the Agency registered 14 grants terminations for H2020, and 5 for HE.

### 1.3. Scientific follow-up

#### Scientific monitoring of mid-term and final reports

During the reporting period, 1 201 final scientific reports and 966 mid-term reports were assessed. The average percentage of H2020 final reports assessments that exceeded 60 days was 0% (AWP 2023 target: 3%) for all calls.



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The Scientific assessment of completed ERC projects (SAP) was organised from 2015 to 2022 to evaluate the ERC FP7 programme. In 2023, the first SAP exercise was organised to assess the ERC H2020 programme. In this exercise, 372 projects were randomly selected from a pool of 759 eligible completed projects. The evaluation panel meetings took place from September to December 2023. Experts assessed 18% of the projects as having made a scientific breakthrough, 65% as a major scientific advance, 16% as having incremental scientific contribution and 1% as not resulting in an appreciable scientific contribution.

#### Initiatives to support ERC applicants and international mobility agreements

A number of European countries fund research visits to established ERC projects in order to develop researchers' potential before applying for their first ERC grant. In 2023, nine countries were participating to the Visiting Fellowship Programmes, with the Cypriot Research and Innovation Foundation joining the initiative this year (Georgia and Flanders did not participate in 2023). More than 1 000 ERC PIs expressed their interest to host a



potential applicant. So far, 58 fellows submitted a total of 61 applications for an ERC grant, 8 of them being funded (success rate: 13%).

In 2021, the ERC Mentoring Initiative (MI) was launched to improve the number of successful applications from researchers based in European countries with a weaker performance in funded ERC projects. 9 countries participated in 2021 and more than 750 ERC PIs and former ERC panel members have expressed their interest to support applicants as mentors. In 2022 and 2023, local offices (14) organised sessions for pre-selected applicants who worked on an ERC proposal, to help them strengthening the quality of their application, hence enabling them to get expert scientific feedback (or mock interviews) before submission. So far, 108 mentees have taken part in the MI and 22 submitted an application for an ERC grant: 10 fellows passed to Step 2 (45%) and 5 of them were funded (success rate: 23%).

The Implementing Arrangements are international agreements with non-EU funding agencies and science ministries supporting researchers to temporarily join ERC projects. In 2023, 17 funding agencies from 13 countries participated (AR, AU, BR, CA, CN, IN, JP, KR, MX, SG, TH, ZA, US) <sup>(15)</sup>, with about 1 000 ERC PIs having expressed their interest to host a visiting researcher.

#### Intellectual Property Rights (IPR) in the ERC:

A new analysis was published in January 2023 <sup>(16)</sup> to assess the impact of its funding in relation to IPR. It finds that more than 40% of ERC-funded projects generated research that is subsequently cited in patents.

In 2023, the ERCEA received four requests for transfer of ownership or exclusive licensing of results produced under H2020 ERC funded projects to recipients established in a third country (non-associated to H2020). For three of these requests ERCEA did not object, while the fourth request (received on 13/12/2023) is still under assessment. This is to be compared to the six requests received on this matter in 2022 for which ERCEA also did not object to.

#### Implementation of Open Science requirements

The compliance of ERC grants with Open Science requirements is regularly monitored. For H2020 projects, 311 PIs out of 6 822 (i.e. 4.6%) were reminded for the Open Science compliance in 2023.

## **1.4. Feedback to policy**

Feedback to policy (F2P) is an activity delegated by the Commission to implementing bodies under HE. In 2023, the Agency implemented its first F2P annual plan of activities and three

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<sup>(15)</sup> Argentina, Australia, Brazil, Canada, China, India, Japan, South Korea, Mexico, Singapore, South Africa, Thailand, United States.

<sup>(16)</sup> The study was conducted by a group of experts commissioned by the ERC:

<https://erc.europa.eu/news-events/news/new-study-reveals-how-frontier-research-spurs-patented-inventions>

reports were published highlighting frontier research funded by the ERC, and its contributions to key EU policies.

The report on sustainable food production and consumption was prepared as input to the scientific opinion of the EC's Group of Chief Scientific Advisors "Towards sustainable food consumption" and was presented at the European Commission's Food 2030 conference <sup>(17)</sup>. It was the basis for the high-level event organised jointly by the ERC and the European Parliament's STOA on "Science-driven solutions for sustainable food". A second report building on earlier analyses focused on biodiversity, which was published in the webpages of the European Commission's Biodiversity Knowledge Centre hosted by the Joint Research Centre. The report outlines the contribution of ERC funded research towards the objectives of the EU Biodiversity Strategy. Finally, a factsheet on frontier research on diversity was prepared for the ERC Annual Conference 2023 on "Research on Diversity & Diversity in Frontier Research" <sup>(18)</sup>.

Following the adoption of its Foresight Concept Note and Plan (2023-2024), the Agency ran a survey of ERC grantees on the use and impact of Artificial Intelligence (AI) in the scientific process. Its report was made available to the EC Scientific Advice Mechanism (SAM) team, in the context of the preparation of an independent scientific opinion on AI. It is also available on a new Europa policy webpage on AI in Science <sup>(19)</sup>. This foresight report was undertaken in the context of a broader AI portfolio analysis to be published in early 2024.

Other activities in 2023 included the contribution to a report of DG RTD on advanced manufacturing (published in November) <sup>(20)</sup> and a portfolio analysis on democracy which will be published in February 2024. A preliminary analysis related to CRISPR/gene <sup>(21)</sup> editing was launched on request by the Scientific Council and will be delivered in 2024.

The F2P sector also coordinated answers to 34 ad hoc requests on a variety of topics ranging from health and clinical research to AI or clean energy.

#### Mapping Frontier Research:

In 2023, the Agency finalised the classification and data collection of ERC projects funded in the ERC 2021 calls. Preparation started for classification and data collection of projects funded in 2022 and 2023 calls. Thanks to its unique methodology developed with the ERC Scientific Council, Mapping Frontier Research is one of the tools that allows the Agency to analyse and report on the research it funds in a systematic way across the H2020 and HE programmes.

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<sup>(17)</sup> <https://erc.europa.eu/projects-statistics/mapping-erc-frontier-research/frontier-research-food-2030>

<sup>(18)</sup> <https://erc.europa.eu/sites/default/files/2023-11/Frontier-Research-on-Diversity.pdf> and <https://erc.europa.eu/news-events/events/erc-annual-conference-2023-research-diversity-diversity-frontier-research>

<sup>(19)</sup> [https://research-and-innovation.ec.europa.eu/research-area/industrial-research-and-innovation/key-enabling-technologies/artificial-intelligence-ai-science\\_en](https://research-and-innovation.ec.europa.eu/research-area/industrial-research-and-innovation/key-enabling-technologies/artificial-intelligence-ai-science_en)

<sup>(20)</sup> [https://research-and-innovation.ec.europa.eu/document/download/1f52f823-e9d7-4491-a552-f1c34f73a2d6\\_en](https://research-and-innovation.ec.europa.eu/document/download/1f52f823-e9d7-4491-a552-f1c34f73a2d6_en)

<sup>(21)</sup> CRISPR is a technology that can edit genes by finding and modifying specific DNA sequences in living cells.

## 1.5. Support to the ERC Scientific Council

ERCEA mandate to support the Scientific Council remains unchanged under HE. In 2023, the ERCEA continued to provide support to the Scientific Council and its various Standing Committees, Working Groups, and the ERC Board with briefings, speeches, presentations, analyses, and reports in relation to the ERC's scientific strategy. In addition, it assisted the ERC President and Scientific Council Members in their activities related to institutional relations and networking. Furthermore, it coordinated the implementation of ERC's external communication on the ERC programme. In early 2023, the ERC signed the Agreement on Reforming Research Assessment. The Agency provided support to the Scientific Council to decide on changes in the assessment of research proposals and candidates and in the evaluation process and to introduce lump sum funding in Advanced Grants starting with the ERC Work Programme 2024. It also provided input to enable the Scientific Council to take a position on the use of Artificial Intelligence. It assisted the Scientific Council in the preliminary phase of the establishment of the Implementing Arrangements with Canada (renewal) and Brazil (National Council for Scientific and Technological Development), to be signed in 2024.

The ERCEA continued developing its monitoring and evaluation tools to assist the Scientific Council in assessing the impact of ERC funding on frontier scientific knowledge, technology transfer, national research policies, HIs and research careers. Under the guidance of the Scientific Council Standing Committee on Programme Impact Monitoring and Evaluation (PRIME), the ERCEA is implementing the Scientific Council's Evaluation and Monitoring Strategy, in particular the new set of monitoring and evaluation activities of the Action Plan for 2023-2024.

In addition, the Agency is also working with the Monitoring, Evaluation, and Analysis Virtual Entity (MEAVE) contributing to the Commission's H2020 ex-post evaluation (published in early 2024) and HE mid-term evaluation, in particular by assessing the implementation of the excellent science pillar. Finally, the Agency provided continuous support to the President of the ERC in promoting frontier research in Europe and beyond.

## 1.6. Implementation of ERCEA operating budget

The administrative budget for 2023 was initially adopted on 16 December 2022 for a total amount of EUR 62.3 million and was subsequently amended once and modified four times <sup>(22)</sup> by the ERCEA Steering Committee (StC) and the Executive Director's decisions on budget line reallocations.

On 22 September 2023, in the framework of the Global Transfer Exercise, a budget amendment was adopted through a written procedure by the StC. This amendment aimed at best optimising the budget consumption further to the completion of the annual budget

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<sup>(22)</sup> 1<sup>st</sup> transfer on 31/03/2023 to reinforce the credits for ICT expenses; 2<sup>nd</sup> transfer on 20/04/23 within same chapters to increase the legal expenses in the framework of a Court case lodged against the Agency; 3<sup>rd</sup> transfer on 05/12/2023 to reallocate funds between budget lines. Last transfer on 15/12/2023 to optimise the budget consumption further to the completion of the budget exercise 2023.

revision exercise for 2023 and the estimations received from the central services for the existing Services Level Agreements (SLAs). It was further amended by updating the building expenses in line with the engagement in a contractual agreement, as well as registering the income derived from the Agency's SLAs. Hence, the administrative budget amounted to EUR 61.9 million. The budget structure remained consistent with the ones from previous years, with the staff expenditure representing 84.9% (against 80% in 2022) whereas the budget costs for the building, ICT and other operating expenditure represented 12.7% (against 17% in 2022) and the programme management expenditure representing 2.25% (against 2.9% in 2022). Hence, the Agency stayed within its benchmark of six budget transfers per year and reached a budget execution of 99.86% in commitment credits.

## 1.7. Example(s) of EU-added value of ERC funded projects

Examples that illustrate the contribution of the ERC to the six thematic headline's priorities of this Commission (click on to discover each project):

**Green deal**



Call details  
ERC-2019-SyG  
ERC Funding  
7 496 829 €

**PhotoRedesign**

**A Europe fit for the digital age**



Call details  
ERC-2018-AdG  
ERC Funding  
2 500 000 €

**XAI**

**An economy that works for people**



Call details  
ERC-2020-StG  
ERC Funding  
1 807 250 €

**Volume-Bio**

**A stronger Europe in the world**



Call details  
ERC-2020-CoG  
ERC Funding  
1 661 015 €

**CORPACCOUNT**

**Promoting our European way of life**



Call details  
ERC-2017-CoG  
ERC Funding  
2 000 000 €

**MEL - Interactions**

**A new push for European democracy**



Call details  
ERC-2021-CoG  
ERC Funding  
1 998 641 €

**PARTISAN**

## **2. INTERNAL CONTROL AND FINANCIAL MANAGEMENT**

Assurance is provided on the basis of information on the efficiency and effectiveness of internal control systems and governance processes. The management monitors the functioning of the internal control systems on a continuous basis and carries out an objective examination with internal and external auditors. The results are explicitly documented and reported to the Executive Director. The following reports / documentation have been considered:

- Management reports on control results;
- The contribution of the Head of Department in charge of Risk Management and Internal Control (RMIC), including the results of internal control monitoring in the Agency, in particular the reports on recorded exceptions, non-compliance events and cases of 'confirmation of instructions' (Art 92.3 FR);
- The ERCEA reports of the ex-post audits results for FP7;
- The Common Audit Service (CAS) reports of the ex-post audits results for H2020;
- The limited conclusion of the Internal Auditor on the state of control;
- The observations and recommendations reported by the Internal Audit Service (IAS);
- The observations and the recommendations reported by the European Court of Auditors (ECA).

These reports result from a systematic analysis of the available evidence. The systematic analysis of the available evidence provides sufficient guarantees about the completeness and reliability of the information reported and results in the full coverage of the budget delegated to the Executive Director of ERCEA.

The sections below cover the control results and other relevant elements that support the statements of the management's Declaration of Assurance.

It is structured into 2.1 Control results, 2.2 Audit observations and recommendations, 2.3 Assessment of the effectiveness of internal control systems, 2.4 Conclusions on the assurance and resulting in 2.5 Declaration of Assurance.

## 2.1. Control results

This section reports on the control results used by management to support the assurance on the achievement of the internal control objectives <sup>(23)</sup>. The Agency's assurance building, and materiality criteria are outlined in annex 5 of the Annual Activity Report. Annex 6 of the Annual Activity Report 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.

		<b>Operational and administrative payments 2023</b>					
		<b>Payments made <sup>(24)</sup></b>				<b>Total administrative Expenditure (EUR)</b>	<b>% of total (admin/operational)</b>
		<b>Pre-financing (EUR)</b>	<b>Payments against cost statements (EUR)</b>	<b>Experts' payments (EUR)</b>	<b>Total operational expenditure (EUR)</b>		
<b>2023</b>	FP7	0.00	985 238.12	0.00	985 238.12	<b>61 587 984.25</b>	<b>2.4%</b>
	H2020	0.00	945 157 390.08	276 093.69	945 433 483.77		
	HE	1 620 938 286.83	180 000.00	17 973 151.58	1 639 091 438.41		
	<b>Total</b>	<b>1 620 938 286.83</b>	<b>946 322 628.20</b>	<b>18 249 245.27</b>	<b>2 585 510 160.30</b>		

From the preparation of calls for proposals to the ex-post controls performed, all the details on control systems and indicators used are provided in Annex 6.

The final voted payment credits of EUR 0.99 million for FP7, EUR 866.2 million for H2020 and EUR 1 595.3 million for HE <sup>(25)</sup> were fully consumed and were complemented by external and internal assigned revenues.

Payment transactions for operational expenditures consist of pre-financings, interim and final payments as well as regularisation and expert payments. Usually, a grant agreement of five years is financed by a pre-financing, paid at the start of the project, followed by three interim payments and one final payment. For HE, the schedule of payment consists of one pre-financing, one interim payment and a final one.

In 2023, 36.6% <sup>(26)</sup> of the total amount executed were payments against cost statements, while the remaining 63.4% <sup>(27)</sup> of payments were pre-financings and expert payments, both assessed as low risk transactions regarding the control objective related to the legality and

<sup>(23)</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). The 2nd and/or 3rd Internal Control Objective(s) (ICO) only when applicable, given the DG's activities.

<sup>(24)</sup> The figures in this table include all types of credits (fund sources), like the voted credits and assigned revenue.

<sup>(25)</sup> Credits voted for the year and EFTA ones (C1/EO).

<sup>(26)</sup> In 2022, 46.9% of the total executed amount pertained to payments against cost statements.

<sup>(27)</sup> Of the payments executed in 2022, 53.1% pertained to pre-financings and expert payments.

regularity of underlying transactions. In addition, out of 2023 payments against cost statements, 0.1% related to FP7, 99.9% to H2020, and 0.02% related to HE, compared to 0.7% for FP7 and 99.3% for H2020 at year-end 2022.

In line with the 2018 Financial Regulation, the Agency's assessment for the new reporting requirement is as follows:

- **Case of 'confirmation of instructions' (Article 92.3 FR)**

No cases reported.

- **Cases of financing not linked to costs (Article 125.3 FR)**

No cases reported.

- **Cases of flat rates >7% for indirect costs (Article 181.6 FR)**

There were no cases of flat rates > 7% for indirect costs in 2023 other than those allowed under the Horizon 2020 and Horizon Europe Rules for Participation <sup>(28)</sup>, providing that indirect eligible costs are determined by applying a flat rate of 25% of the total direct eligible costs (FR art 181.6)

- **Derogations from the principle of non-retroactivity pursuant to Article 193 FR**

Four grant agreements signed in 2023 derogated <sup>(29)</sup> from the principle of non-retroactivity pursuant to Article 193 FR.

- **There are no Financial Framework Partnerships with a duration of more than 4 years <sup>(30)</sup>** that entered into force during the reporting year 2023.

### 2.1.1. Effectiveness of controls

#### *a) Legality and regularity of the transactions*

The ERCEA uses internal control processes to ensure sound management of 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 corresponding relevant control systems are outlined in annex 6.

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<sup>(28)</sup> Article 29 of Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in "Horizon 2020 – the Framework Programme for Research and Innovation (2014-2020)" and Article 39 Regulation (EU) 2021/65 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination.

<sup>(29)</sup> Anticipated project starting date is exceptionally accepted by the Agency for duly justified reasons, such as restricted periods to perform fieldwork, specific excavation periods or strong business opportunities relevant to PoC or even important administrative delays, as well as to timely purchase equipment, recruit new staff or to maintain the continuity of the research team in case of successive grants.

<sup>(30)</sup> FR Article 130.4.



## 1) *Control objective*

The Research Family operates on a common audit strategy intended to contribute to the legality and regularity of expenditure on a multi-annual basis, including detection and correction of non-systemic and systemic errors.

For H2020, the Common Audit Service (CAS) of the Common Implementation Centre (CIC) of DG RTD carries out all audits, including those concerning grants managed by the executive agencies and the Joint Undertakings. This is a major step towards ensuring efficiency gains, a harmonised approach, legal certainty, equality of treatment of beneficiaries and the least audit burden on beneficiaries.

The HE Audit Strategy is risk-based and draws on the achievements of lessons learnt from H2020.

The **main indicators** on legality and regularity <sup>(31)</sup> of EU Framework Programmes for Research and Innovation are:

- The **cumulative representative detected error rate**, based on errors detected by ex-post audits on a Common Representative Sample of cost claims across the Research Family; and
- The **cumulative residual error rate**, which is the extrapolated level of error after corrective measures have been implemented by the Commission services following the audits, accumulated on a multi-annual basis.

The **targets** set for this control system are, respectively:

- For H2020, to ensure that the cumulative residual error rate remains within a range of 2-5 %, aiming to be as close as possible to 2%. Progress against H2020 targets 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.
- For HE, to ensure that cumulative detected and residual error rates do not exceed 2% <sup>(32)</sup>.

It should be noted, however, that due to its multi-annual nature, the effectiveness of the ex-post control strategy of the Research Family can only be measured and assessed fully in the final stages of the EU Framework Programme, once the ex-post audit strategy has been fully implemented, and errors, including those of a systemic nature, have been detected and corrected.

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<sup>(31)</sup> These indicators are described in Annex 5.

<sup>(32)</sup> No representative error rate for HE will be available in 2022 and 2023 as the ex-post audit campaign for the Programme is planned to be launched in the beginning of 2024.

## 2) *Assessment of the control results*

### H2020 Framework Programme

The CAS managed to finalise audits on 648 participations corresponding to 100.9% of the 2023 target for H2020.

The Commission methodology for calculating the H2020 error rates is in line with the European Court of Auditors' (ECA) observations in their 2018 and 2019 Annual Reports and is described in Annex 5 'Materiality criteria'. Use of the methodology yielded the following error rates for H2020 <sup>(33)</sup> on 31 December 2023:

- **Cumulative representative detected error rate** for the Framework Programme: **2.57%** <sup>(34)</sup> (1.85% based on ERCEA local representative sample)
- **Cumulative residual error rate** for the Framework Programme: **1.55%** (1.02% for the ERCEA, based on the Common Representative Audit Sample).

In 2023, the cumulative residual error rate for H2020 for the grants managed directly by the ERCEA is calculated at 1.02%, which is below the materiality threshold.

Since RTD Framework Programmes are multi-annual, the error rates, and the residual error rate in particular, should be considered within a time perspective. Specifically, the implementation of the audit results over time will tend to lower the cumulative residual error rate thus increasing its difference with the representative detected error rate.

These error rates are calculated based on the audit results available when drafting the Annual Activity Report. They should be treated with caution as they may change subject to the availability of additional data from audit results.

Given the results of the audit campaign, and the observations made by the ECA in its Annual Reports, the CIC of DG RTD, in close cooperation with Commission central services, defined actions aiming at significantly simplifying the rules, and paving the way for an important reduction of the error rate in HE such as the use of a Corporate Model Grant Agreement and a Corporate Annotated Grant Agreement for all Programmes directly managed by the Commission. Other actions under implementation also targeting H2020 grants and beneficiaries, include further simplification (such as the increased use of simplified forms of funding, including lump sums and unit costs), focused communication campaigns to more "error-prone" types of beneficiaries with higher-than-average error rates (such as SMEs and newcomers), and enhanced training to external audit firms

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<sup>(33)</sup> The HORIZON 2020 audit campaign started in 2016. At this stage, five Common Representative Samples with a total of 788 expected results have been selected. By the end of 2023, cost claims amounting to EUR 49.2 billion have been submitted by the beneficiaries to the services. The audit coverage for HORIZON 2020 is presented in Annex 7. In addition to the Common Representative Samples, Common Risk Samples and Additional Samples have also been selected. The audits of 4 707 participations were finalised by 31/12/2023 (of which 648 in 2023).

<sup>(34)</sup> Based on the 581 representative results out of the 788 expected in the five Common Representative Samples.

performing audits on behalf of the Commission. Focusing on the most common errors, these actions will be straightforward and achieve higher impact <sup>(35)</sup>.

## HE Framework Programme

2023 was the third year of implementation of the HE Framework Programme. No representative error rate for HE is available in 2023 as the ex-post audit campaign for the Programme is planned for launch in 2024, once a meaningful number of payments is available for audit. Consequently, without elements allowing an assessment of the level of errors and considering the simplifications introduced for HE that aim at reducing the error rate a 2% <sup>(36)</sup> detected and residual error rate will be considered for the Research Family.

### **ERCEA administrative expenditure**

The 2023 result for the ERCEA's administrative expenditure's error rate is 0.55%, thus below the target value of 1% and lower than the 2022 result (0.62%).

### **Other control objectives: reliability of reporting**

Regarding the validation of local systems, DG BUDG assesses on a continuous basis the accounting risk for each DG, service, or executive agency. This methodology aims at ensuring the appropriate documentation and reporting of controls results, the correction of any detected errors, the analysis of underlying causes for correction and the comprehensiveness of the annual risk assessment scope. In 2021, the accounting risk for ERCEA, as assessed by DG BUDG, was low <sup>(37)</sup>. No assessment was received for 2023.

### *3) Overview of ERCEA risk profile*

ERCEA's portfolio consists of segments with a relatively low detected error rates with FP7, H2020 and a segment with medium detected error rate with HE. This is, respectively, thanks to the inherent risk profile, the complexity of the programmes and the performance of the related control systems. For the latter segment with control weaknesses, the (root) cause of the issue that no error rate is available in 2023 (the 2% is indicative). Ex-post audit for HE is planned for launch in 2024.

### *4) Table (1): Estimated risk at payment and at closure*

Based on the above, the Agency presents in the following Table 1 an estimation of the risk at payment and risk at closure for the expenditure managed during the reporting year:

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<sup>(35)</sup> The CAS continues to analyse the root causes of errors that have been identified and targeted actions are taken to address any identified weaknesses. Further information on the implementation of the action plans established to reduce the error rates of Horizon 2020 and Horizon Europe can be found in Annex 7.

<sup>(36)</sup> These rates correspond to the objective set for Horizon Europe.

<sup>(37)</sup> Assessment of accounting risk – ERCEA – 02/12/2021.

**Table (1): Estimated risk at payment and at closure (amounts in EUR mios)**

The full detailed version of the table is provided in Annex 9.

DG ERCEA	Payments made	Relevant expenditure	Estimated risk (error rate %) at payment		Estimated future corrections and deductions		Estimated risk (error rate %) at closure	
	m EUR	m EUR	m EUR	%	m EUR	%	m EUR	%
FP7	0,99	2,16	0,03	1,51%	0,01	0,41%	0,02	1,10%
H2020	945,43	1 627,49	30,11	1,85%	13,51	0,83%	16,60	1,02%
HE	1 639,09	18,91	0,38	2,00%	0,16	0,83%	0,22	1,17%
<b>Sub-total</b>	<b>2 585,51</b>	<b>1 648,57</b>	<b>30,52</b>	<b>1,85%</b>	<b>13,67</b>	<b>0,83%</b>	<b>16,85</b>	<b>1,02%</b>
operating budget	6159	6159	0,34	0,55%	0,00	0,00%	0,34	0,55%
<b>total EA (operational + operating)</b>	<b>2 647,10</b>	<b>1 710,16</b>	<b>30,86</b>	<b>1,80%</b>	<b>13,67</b>	<b>0,80%</b>	<b>17,18</b>	<b>1,00%</b>

The estimated overall risk at payment for 2023 expenditure, 1.80%, is the AOD's best conservative estimate 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, corresponding to the conservatively estimated future corrections for 2023 expenditure, 0.80%.

The difference between those two results in the estimated overall risk at closure <sup>(38)</sup>, namely 1.00%, close to 2022 (1.09%). For an overview at Commission level, the departments' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated in the AMPR.

### 5) Preventive and corrective measures

As regards the corrections carried out in 2023, the Agency has in place an effective mechanism for correcting errors, through ex-ante and ex-post controls, resulting in preventive and corrective measures, amounting to EUR 4.5 million and EUR 1.8 million respectively. This is similar to last year with EUR 4.7 million and EUR 1.2 million respectively.

<sup>(38)</sup> This is the AOD's best, conservative estimation of the expenditure authorised during the year that would remain not in conformity of applicable regulatory and contractual provisions by the end of implementation of the programme.

## ***b) Fraud prevention, detection and correction***

The ERCEA has developed and implemented its own anti-fraud strategy since 2011, based on the methodology provided by OLAF. It was last updated in May 2020. Based on the revision of the action plan <sup>(39)</sup> of the Anti-fraud Strategy of the Commission (CAFS) in July 2023 and the endorsement of the revised Common Anti-Fraud Strategy in the Research and Innovation Family (RAFS) in December 2023 to both of which the ERCEA has contributed, the ERCEA envisages an update of its anti-fraud strategy in 2024.

Its practical implementation is being observed and reported to the management in context of the Agency's annual irregularity and anti-fraud report. All necessary actions have been implemented, like the handling of cases, providing fraud prevention and detection awareness trainings, etc.

The Agency followed up OLAF's financial recommendations with the following results: 33% of recommendations were implemented and 66% were not. The reasons for not implementing a recommendation were in one case that the beneficiary could provide explanations for the alleged irregularity and for another case that the recommended implementation of the recovery would have been disproportionate considering all circumstances.

The results achieved during the year thanks to the anti-fraud measures in place can be summarised as follows: the Agency reported in 2023 four cases to OLAF, two were dismissed, one is at the pre-selection phase and for one case OLAF opened an investigation. In addition, three cases were reported to OLAF directly by third parties, from which two were dismissed because there were no sufficient grounds to open an investigation and one case was transferred to EPPO.

Based on the available information, the ERCEA has reasonable assurance that the anti-fraud measures in place are overall effective.

### **2.1.2. Efficiency of controls**

#### **Time to inform, time to sign & time to grant (TTI, TTS & TTG)**

In the comparison between 2023 and 2022, granting operations in 2023 exhibited a slight deceleration. This shift can be attributed to the heightened volume of calls under the granting process, with 10 concurrent calls in 2023 (average TTG of 356.7 days), as opposed to 7 in 2022 (average TTG of 328 days).

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<sup>(39)</sup> COM(2023)405 and SWD(2023)245



iStockphoto.com/TarapongS

### Time to pay H2020 – grants and experts

In 2023, the 'time to pay' (TTP) results for all programs harmonized with the overarching objective of achieving a 99.5% on-time record. Notably, H2020 payments showcased exceptional punctuality at 99.8%, and HE payments maintained a commendable 99.4% on-time performance. It's worth highlighting that, Expert payments, while presenting a slight deviation from the target, significantly impacted HE performance, achieving 99.2% on-time payments.

Additional information can be found on the performance tables available in Annex 2.

2023 was marked by some circumstances challenging the grant management activity and budget execution, such as the extended duration of a number of projects as a result of the COVID-19 pandemic; hence the execution of a number of payments was delayed to an extent, as compared to the initial budgetary forecast, without, however, impacting the final overall consumption of payment credits, which was at 100% by the end of the year.

The implementation of sanctions against Hungary and Russia had no impact on the budget execution since ERC grants do not involve beneficiaries or applicants subject to these measures. However, a comprehensive screening of all ERC grants was conducted to mitigate any potential risks. In relation to Russian entities, the screening also concerned any involvement of third parties such as subcontractors and in-kind contributors, while collaborations with Russian nationals have been permitted under specific conditions, along with the central guidance established by DG BUDG.

The parallel running of H2020 and HE programs, each governed by distinct rules, required a continued strengthening of the level of skills and competencies among control actors in order to handle the increased complexity of the financial actors' tasks. Despite these challenges, sound financial management was ensured.

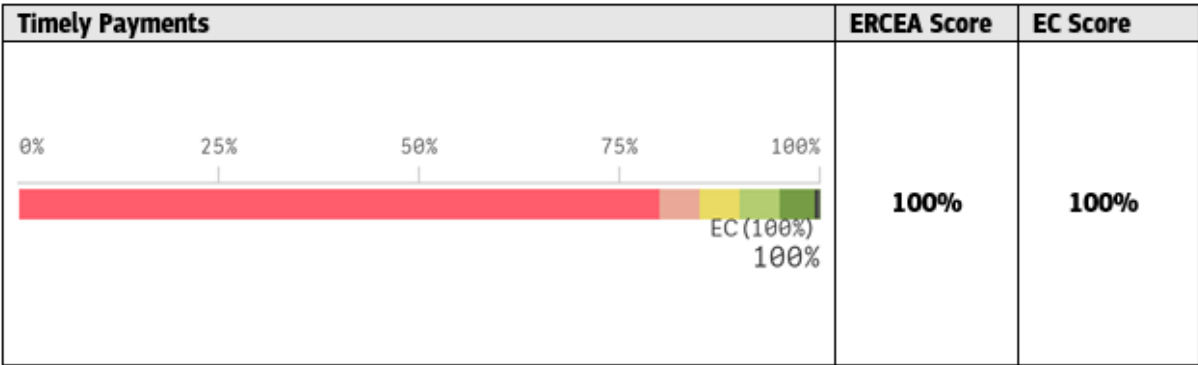
Further improvement and simplification of internal processes were made in relation to H2020 and HE financial reporting and payments, aligning as well to the latest

developments of the common IT tools. These included for example the revision of the H2020 guidance on how to reject unjustified additional funds.

Active cooperation with the CIC, brought up the technical implementation and conclusion of the ERC reporting templates for HE (PoC projects and StG, CoG and AdG main schemes), the endorsement of the HE Control Strategy by the HE Executive Committee in relation to various thematic areas such as the grant agreement articles involved in portability or the new HE corporate Terms of Reference/Certificate of Financial Statements template. During the past year, the Agency cooperated and participated actively with other units to the Lump Sum Agency task force - aimed at preparing the transition to a lump sum model for AdG-2024, notably concerning the budget assessment modalities during the evaluation phase (step 2).

PI/HI events in Brussels and abroad, which involved consequent preparatory work coordination with other units, offered the opportunity to present the financial reporting and financial issues to our Beneficiaries (HIs) and PIs.

Future efforts will concentrate on establishing HE financial workflows and related guidance for the ERC, internal preparation of HE implementation strategy, and error prevention. The goal is to ensure adaptability, continuity in ERC business processes, and optimal satisfaction of ERC beneficiaries' needs through collaboration with internal teams and the CIC.



In 2023, the “time to sign” (TTS) and “time to grant” (TTG) of ERC calls met their AWP targets, confirming the excellent results.

The ERCEA achieved its high efficiency in terms of “time to pay” as in the previous years, all types of payments <sup>(40)</sup> being well below their legal targets.

<sup>(40)</sup> i.e. pre-financing, interim, final and expert payments.

### 2.1.3. Economy of controls

Research Family harmonised KPIs	31/12/2023	31/12/2022
<b>Average project mngt cost per running* project (staff FTE * standard staff cost) <sup>(41)</sup></b> <i>(ALL projects - Range of EUR 5.000 – 10.000)</i>	<b>EUR 5 299.32</b> <b>0.3% <sup>(42)</sup></b>	EUR 5 302.89 0.3% <sup>(43)</sup>
<b>Average number <i>(Range of 15 – 35)</i> &amp; value of running projects managed 'per' staff FTE <i>(Range of EUR 1 Mio – 50 Mio)</i></b>	<b>22.1</b> <b>EUR 42.79 Mio</b>	20.88 EUR 40.01 Mio
The result of the overall cost effectiveness indicator in 2023 amounts to 2.4% <sup>(44)</sup> (EUR 61.59 million divided by EUR 2 585.51 million), which represents a better result compared to 2022 (2.5%) <b>Operational budget</b>	<b>31/12/2023</b>	<b>31/12/2022</b>
<b>Total cost of fin. management &amp; control <sup>(45)</sup> / total value of operational payments made</b> <b>(Target: &lt;3%)</b>	<b>2.4%</b>	2.5%

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

Cost-effectiveness indicators are provided for each control stage based on the number of posts allocated to activities, which results from a workload assessment performed during the last quarter of the year. In addition, an overall, agency-wide cost effectiveness indicator, comparing the 2022 administrative versus operational payments, was considered as well as an indicator per Framework Programme.

Presented by process stages, the ERCEA costs related to call coordination, evaluation and selection of proposals is estimated at 0.77% of the total HE committed credits, and the costs related to grant preparation and signature at 0.21% of the total individual commitments. The ERCEA costs related to grant implementation stood at 1.42% of the total payments, while those of ERCEA ex-post controls were estimated at 0.03% of the total payments.

The result of the overall cost effectiveness indicator in 2023 (2.4%), is lower than in 2022 (2.5%), and is meeting the target of 3%.

<sup>(41)</sup> FTE's accounted for are the staff intervening in the grant execution and monitoring process taking into account their contribution to the process and their work pattern. Running projects are those related to commitments with completion flag set to "no" in ABAC.

<sup>(42)</sup> Project management cost divided by the value of running projects.

<sup>(43)</sup> Percentage recomputed according to the new methodology: value of running grants = amount of the total EC contributions instead of amount of the total 'Reste à Liquider' (RAL) used in AAR 2022.

<sup>(44)</sup> Details of the estimated cost related to shared/pooled control activities carried out by DG REA and hosted by DG RTD (CIC and CAS) for the Research Family are reported in the annual activity reports of DG REA and DG RTD.

<sup>(45)</sup> For a nearly 'pure' grant management DG/EA, this is approximated by comparing the administrative/operating budget to the total operational budget.



While most costs of controls are quantifiable in monetary terms, most of their undeniable benefits are not. The controls related to the scientific evaluation of applications ensure that the most meriting projects are funded following the sole criterion of “excellence”. They allow the ERCEA to fulfil its mission statement and operational objectives. Benefits of grant implementation controls can be measured by the low error rate resulting from ex-ante controls (0.26%) - even if these are weakened by the deliberate limitation of the depth of the ex-ante controls as part of the overall control framework established for H2020 <sup>(46)</sup>. This is also supported by the level of the ex-ante error rate on the operating budget (0.55% versus 0.62% in 2022), which remained below its target. Non-quantifiable benefits of ex-post controls also bear an inherent deterrent effect, as beneficiaries will take extra care over the preparation of their cost claims knowing that on-the-spot audits may follow. Finally, the results of ex-post control provide valuable feedback regarding the effectiveness of ex-ante controls. Ex-post control audits also result in reducing the exposure to future errors, thanks to guidance that is provided to audited beneficiaries.

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

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<sup>(46)</sup> and FP7 but with a very limited impact due to the very few FP7 payments made in 2023.

## 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 the 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 the management's assurance.

### IAS

The IAS issued on 18 January 2024 the audit report on the HE Grant Management Phase 1 with three important recommendations related to ERC panel's selection, the Call Evaluation Report and the use of independent observers. The ERCEA accepted all recommendations, and the related draft action plan has been submitted to the auditors early February 2024.

In addition, the IAS issued on 19 January 2024 the audit report on the review of the Commission's risk at payment, with one recommendation rated as very important and addressed to DG RTD and the executive agencies about the need to perform a structured analysis of the root causes of errors in relation with ECA's findings and report accordingly. The Agency accepted all the recommendations and an action plan commonly drafted and agreed upon by RTD, REA, EISMEA and ERCEA has been submitted early February 2024 to DG BUDG for consolidation into a single action plan, which was accepted by the IAS.

The IAS concluded <sup>(47)</sup> in its contribution to the 2023 AAR process, based on the work undertaken in the period 2018-2022, that the internal control system audited is effective <sup>(48)</sup>.

### ECA

For 2023, the Agency has nothing to report from the ECA. Nevertheless, the analysis made by the latter on how agencies responded to the climate and energy crises and how they reported on their climate and energy performance can be mentioned. The ECA pointed out that ERCEA together with the other EAs were leading by examples and took measures in this area. As a consequence, the EU implemented similar measures.

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<sup>(47)</sup> IAS contribution to the 2023 AAR process (limited opinion) – 13/02/2024.

<sup>(48)</sup> With the exception of the very important recommendation listed above from which the common action plan was under assessment at the time of publication of the IAS limited opinion and approved since then.

## **2.2. Assessment of the 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 the management of its objectives. Compliance with this Internal Control Framework is a compulsory requirement.

The ERCEA uses the organisational structure and the internal control systems suited to achieve its policy and internal control objectives in accordance with the internal control principles and with due regard to the risks associated with the environment in which it operates.

The ERCEA assessed its internal control system during the reporting year and concluded that it is effective. All components and principles were present and functioning as intended.

As a first source of the annual effectiveness assessment, the ERCEA considered the results of its internal control monitoring criteria (ICMC), which allowed to conclude to the overall effectiveness of all principles. To complement this information, the ERCEA launched an internal control assessment (ICAT 2023) survey that involved half of the ERCEA staff (randomly selected) together with the entire management team. The participation rate amounted to 54% for staff, 47% for managers and resulted in an overall effectiveness of 85%.

The ICMC result regarding the percentage of the management team assessing that the risks identification and assessment is organised, coordinated and reviewed across the whole Agency is slightly below its target (85% versus a target of 90%). It can be explained by the change of method to perform the Risk Management Exercise in 2023 with the simplification introduced by CENTRICS, aiming at identifying and recording only significant, cross-cutting and critical risks.

Finally, 90% of the IT Masterplan activities were implemented at year end.

During the year, the Agency registered 15 non-compliances and requests for exceptions. Out of the 2022 exceptions (in total 24), most of them relating to experts payments, the Agency launched a specific assessment on experts payments in early January 2023 in order to identify and address potential shortcomings. The specific assessment identified several areas for improvement related to the reimbursement of travel costs. However, a more comprehensive review of the existing rules is anticipated, especially in the context of new developments and priorities associated with the Commission's greening efforts.

None of the non-compliances and requests for exceptions was considered as the result of an internal control weakness.

The RMIC performed its continuous monitoring, using the quarterly management reviews of the Agency's performance and indicators supported by the internal scorecards. In addition, the Agency reached an implementation rate of audit recommendations within their deadline of 100%. Finally, the two-yearly risks updates foreseen by the Agency's risk management

process were performed. At year-end, the risk register showed an implementation rate of mitigating measures related to medium and high risks within deadline of 100%. It is underlined that none of the related identified risks materialised in 2023.

In summary, the ERCEA assessed the internal control system during the reporting year and concluded that the internal control principles are present and functioning well overall supporting the Declaration of Assurance.

## 2.3. Conclusions on the assurance

The information reported in the AAR covers both the operational and the operating budgets managed by the ERCEA in 2023 and supports the statements of the Declaration of Assurance. It derives from the management's and auditors' monitoring, based on the systematic analysis of the evidence available as reflected in the reports listed above in part 2.

As demonstrated throughout the report, the results of the performance and control indicators positively support the five statements of the Declaration of Assurance. The Agency effectively achieved its operational objectives and its granting and payment efficiency. It was providing evidence of the legality and regularity of its underlying transactions and of its overall cost-effectiveness.

The assessment of the internal control system resulted in an overall positive conclusion, supporting the Declaration of Assurance.

The report has been prepared with the objective of providing the reader with reliable, complete, and correct information on ERCEA's state of affairs for the reporting period ("true and fair view"). Finally, it does not knowingly contain any material inaccuracy or omit any significant information ("non-omission of significant information"). The management confirms the non-occurrence in 2023 of any significant weakness or reputational events that would have adversely affected the assurance provided below.

The RMIC reported her advice and recommendations on the overall state of internal control in the Executive Agency to the Executive Director and certified that the information provided in the present report and in its annexes is, to the best of her knowledge, accurate and complete <sup>(49)</sup>.

In conclusion, based on the elements reported above, the 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.

Further to the adoption of the 2023 ERCEA Annual Activity Report by the Steering Committee on 19 March 2024 <sup>(50)</sup>, the Executive Director, in her capacity as authorising officer for the operating (administrative) budget and authorising officer by delegation for the operational budget has signed the Declaration of Assurance <sup>(51)</sup>.

Finally, the publication of the final AAR 2023 will be published by Commission services <sup>(52)</sup>.

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<sup>(49)</sup> See Annex 1 of the AAR.

<sup>(50)</sup> Steering Committee decision StC-190324/2.

<sup>(51)</sup> See section 2.5.

<sup>(52)</sup> [https://commission.europa.eu/info/strategy/reporting/annual-activity-reports\\_en?page=1](https://commission.europa.eu/info/strategy/reporting/annual-activity-reports_en?page=1)

## 2.4. Declaration of Assurance

### Declaration of Assurance

I, the undersigned,

Executive Director of ERCEA,

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.

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 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 European Research Council Executive Agency.

Brussels, 26/03/2024,

*(ARES electronically signed)*

Angela LIBERATORE, on behalf of Laurence MOREAU.

### **3. MODERNISING THE ADMINISTRATION**

This section covers the human resources, digital transformation and information management as well as sound environmental management. For an extensive reporting on all components, please refer to Annex 10.

### 3.1. Human resource management

The ERCEA counted 525 staff members at the end of December 2023, achieving a commendable occupancy rate of 98% <sup>(53)</sup>, thereby meeting its recruitment objectives. Notably, the turnover rate stood at 5.19%, marking a significant decrease from previous years (-23% compared to 2022).

In terms of senior and middle management positions, the gender distribution delineated 59% female representation juxtaposed with 41% male representation by the end of the reporting period.

Several major selection processes are ongoing, aiming at establishing new reserve lists to address both current and future staffing exigencies of the Agency.

In the context of the common Inter-EAs HR strategy, the ERCEA has transitioned into the implementation phase. The Agency has taken the lead on several matters of the Common Action Plan such as “Be Well”, “a Respectful & Inclusive Workplace”; “Staff Exchange”, “Job Shadowing” and is pairing with another EA on several others.

In pursuit of enhancing staff motivation and retention, one of the priorities of the ERCEA Executive Director, the HR Unit has provided targeted support through various initiatives. With the pilot staff exchange programme that supports professional growth and improves career prospects of Agency staff, 10 ERCEA staff members applied for DG projects. Moreover, 15 staff members were paired with colleagues in the other Institutions during the Inter-institutional job shadowing programme and the ERCEA also received two applications from the Commission. The programme focuses on a short-term job exchange where a staff member is paired with another staff member in another institution of their choice, over a six-month period. Among the main objectives of this initiative is to gain insights, create useful networks, exchange best practices, and strengthen collaboration among EU institutions and agencies.

Additionally, the ERCEA engaged in the 11<sup>th</sup> call for expressions of interest for the “Junior Professionals Programme”, which opened for candidates from the EAs for the first time; however, none of the six ERCEA applicants succeeded. Moreover, in October 2023, eight ERCEA staff members were selected for participating in the Interagency Women Talent Programme 2023/2024.

As regards Learning and Development, many actions were orchestrated in view of supporting colleagues’ career development. For 2023, the number of training days realised by staff amounted to 5.41 days compared to 4.14 days in 2022.

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<sup>(53)</sup> ERCEA staff allocation of 536 posts for 2023: 505 posts on credits from the voted EU budget and 31 posts on credits from associated third countries contributions.



## 3.2. Digital transformation and information management

Results related to document management are provided in Annex 10.

The ERCEA continued to implement its activities in compliance with the Data Protection Regulation and according to its inventory of the data processing operations. The coordination with the other EAs in ensuring the implementation of EDPS<sup>(54)</sup> opinion regarding the controller/joint-controller/processor role between the EAs and the Commission services was a focus in 2023. Dedicated info sessions took place during the year, including specific ones for managers and newcomers. Finally, the DPO advised on access to documents cases involving personal data and requests from data subjects.

A continued focus of 2023 IT activities was the adaptation / configuration of the corporate eGrants software suite. The ERCEA worked with the CIC of DG RTD to integrate its specific requirements into the common evaluation, expert, and grant management systems. Important efforts were also made on the IT preparation of the first “Lump Sum” call (AdG) that ERC will have in 2024. The ERCEA maintains a local set of IT tools to manage its administration, resources, and support services. The strategy is to migrate local IT tools to corporate systems when the required functionality will be available. A major development in this area is the upcoming introduction of SUMMA<sup>(55)</sup>. This will transform the business and IT landscape with its introduction on EC budget (on EAs administrative budget in 2025). Since this will impact some of its own developed tools, the Agency initiated preparations for integration with SUMMA.

The ERC Archive project was tasked with identifying and securely storing all data collected within the framework of the ERC's activities: in 2023, most archivable data were collected from various ERC and Commission common services' IT systems. With appropriate safeguards, this data can be processed for historical, statistical, or scientific research: in the second half of the year, the focus has shifted to the design on a safe and efficient way to deal with such requests. The ERCEA aimed at reinforcing and consolidating common practices, methodologies, and tools on Business Intelligence by creating a community of practice. Several new dashboards have been developed by adopting the most recent corporate technology on that front (“Qlik Sense”): ERC website, ERC panels, Ethics, ERCEA HR.

The Agency has continued to strengthen its (cyber)security posture by implementing multi-factor authentication (MFA) on public systems handling sensitive non-classified data (SNC). It also remains committed to overseeing the implementation of its IT Security Plans and in Governance, Risk, and Compliance (GRC) for the central collection of compliance declarations. Additionally, the ERCEA ensures staff awareness of Information & Technology Risks and Security. As a result of those actions, the ERCEA achievement was praised in the consolidated report produced for the ITCB at the end of 2023.

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<sup>(54)</sup> EDPS: European Data Protection Supervisor.

<sup>(55)</sup> SUMMA is the European Commission's next generation corporate financial system. It will replace ABAC.

### 3.3. Sound environmental management

In 2023, the ERCEA continued its actions under the EMAS <sup>(56)</sup> scheme and ERCEA Greening. Its actions included the use of sorting stations and filtered water machines to reduce plastic bottled water use.

In the first semester, the ERCEA EMAS, in cooperation with the L&D team, orchestrated a workshop on Energy Efficiency. Facilitated by ECOLIFE experts, the workshop provided participants with energy efficiency insights and engaged them in team-based activities to identify optimal strategies for enhancing energy efficiency in both their professional settings and homes. ERCEA EMAS, in cooperation with the ERCEA Bikologist group, awarded the top cyclists of the VeloMai 2023.

On the Earth Day, the ERCEA Greening Group organised an online lunch conference under the title "Greening the city via nature-based solutions and climate/biodiversity governance" where two university professors presented challenges and innovative approaches on greening the city. The channels of communication for environmental management are the Greening group intranet page and the weekly "pERCpectives" newsletter. Furthermore, the ERCEA ECOR <sup>(57)</sup> regularly publishes entries in the weekly ERCEA newsletter and highlighted greening events advertised by central services.

In the second semester, as in past years, the ERCEA participated in the year-end energy saving BEST Winter action <sup>(58)</sup>. Besides this, and in collaboration with other EA's, sustainable actions were organised as part of the "green week" waste reduction campaign.

Following the revision of internal mission rules in November 2022, which included strategies to curtail staff missions by advocating remote participation, limiting event attendance outside Belgium to two persons per unit, and promoting sustainable travel methods such as train usage, CO2 emissions from staff travels witnessed a substantial 67% reduction in 2023 compared to 2019.

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<sup>(56)</sup> EMAS: Commission's environmental management system.

<sup>(57)</sup> EMAS Correspondent.

<sup>(58)</sup> BEST Summer action was cancelled due to the need to access the building over summer to move REA & EISMEA.

### 3.4. Examples of economy and efficiency

Prophy, is a Software as a Service (SaaS) solution that has been purchased for the identification, nomination, and recruitment of remote referees for step 2 evaluation and supporting the Scientific Council for the identification of panel members. The ERCEA has awarded a contract after a successful tender at the end of 2021 to Prophy N.V. (The Netherlands) for four years. The Artificial Intelligence supported tool covers all three research domains. Prophy is now used each year for assisting panel members to identify remote referees and supporting the panel member identification for StG, CoG, AdG and SyG calls. Feedback on the quality of the proposed matches between experts and proposals is monitored for each call and feedback is collected from all users.

The Agency's Continuous Improvement Programme presented the results of the project on eligibility efficiency measures. The implementation will start with the call StG-2024 and 35% of efficiency gains are expected as regards eligibility workload.

The ERCEA internal task force on Lump Sum was set up to increase efficiency, enhance simplification and improve customer-friendly service to beneficiaries. In this respect, 2023 was the year of inter-departmental discussions as well as communication with the CIC of DG RTD to best fine-tune the granting modalities and relevant technical implementation aspects and to ensure the quality of the different grant management processes and of the future projects.

A new initiative has been implemented by the ERCEA Granting BPO with the introduction of PI-specific info sessions right after the dispatch of granting invitation letter for each call. This is followed by an individual on-line meeting between the PI and the responsible Project Officer of each project, to offer a tailor-made service and guidance, facilitate open and direct communication channel with our beneficiaries and ultimately improve the Agency's time-to-grant.