European Commission

**European Commission**

# Annual Activity Report
# 2024

European Research Executive Agency

# REA IN BRIEF

Mandated by the European Commission to **support the EU's Research and Innovation policy**, the European Research Executive Agency (REA) funds high-quality research and innovation projects generating knowledge for a greener world with prosperous, inclusive economies and societies that benefit from the digital age.

REA was established in 2007 to implement parts of the 7th Framework Programme for Research and Technological Development (FP7) and, from 2014 until 2020, parts of the Horizon 2020 Framework Programme for Research and Innovation. Since 2021 it is implementing several parts of Horizon Europe, the successor to Horizon 2020, which constitute 22% of the programme's budget. REA also implements two other funding programmes: the Research Programme of the Research Fund for Coal and Steel (RFCS) and the programme for Promotion of Agricultural Products (AGRIP). REA is the largest of the six EU executive agencies.

For the programmes and 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 funded projects, facilitating the dissemination and take-up of their outputs by policymakers and other stakeholders.
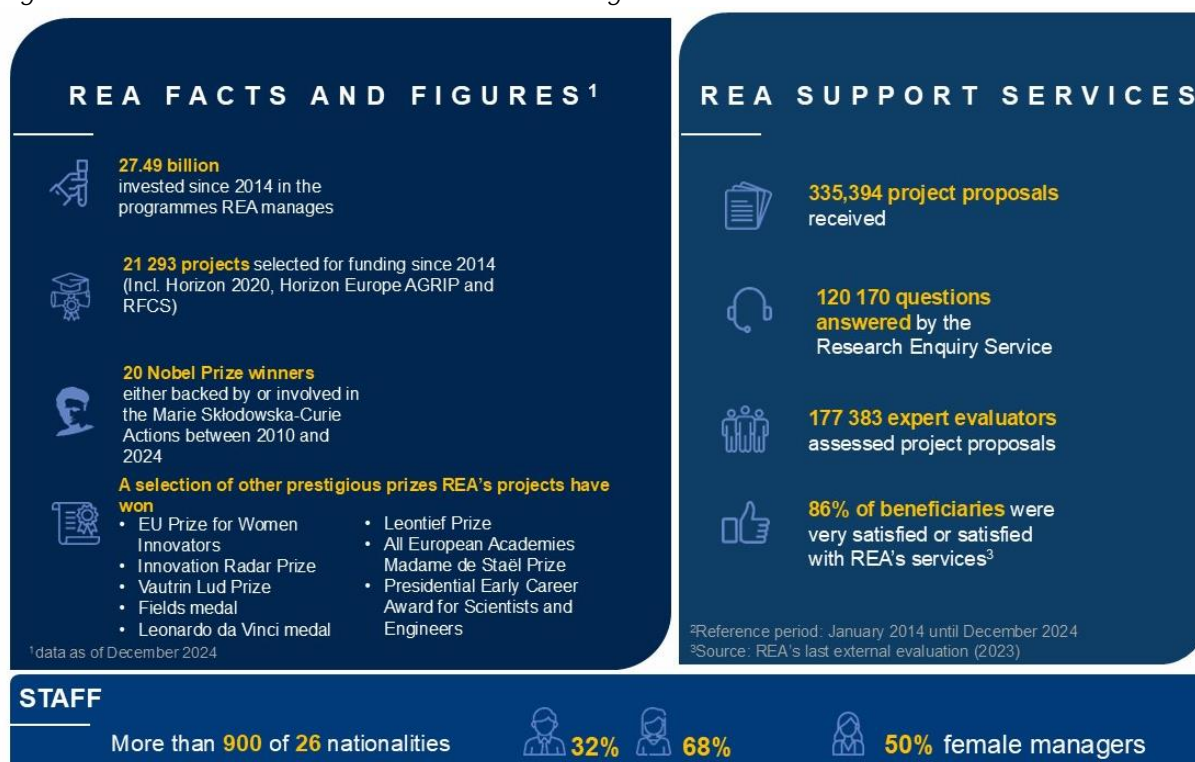
*Figure 1- Overview of REA programme management ([1])*



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

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(1) These delegated budget figures include contributions from third countries associated with the Horizon Europe (HEU) programme.

1. Planning and support for the publication of calls for proposals.
2. Logistical support for the proposal evaluations, including the management of the evaluation facility.
3. Contracting and payment of the independent experts who evaluate proposals.
4. Validations of the legal status and financial capacity of participants in grants and procurement activities.
5. The Research Enquiry Service, which answers questions on EU research and innovation funding and on the participant validation services.

Annexes I-VII of the REA Delegation Act set out in detail the tasks delegated to the Agency.

*Figure 2 - Overview of REA activities: Facts and figures*

## REA FACTS AND FIGURES[1]

**27.49 billion** invested since 2014 in the programmes REA manages

**21 293 projects** selected for funding since 2014 (Incl. Horizon 2020, Horizon Europe AGRIP and RFCS)

**20 Nobel Prize winners** either backed by or involved in the Marie Skłodowska-Curie Actions between 2010 and 2024

**A selection of other prestigious prizes REA's projects have won**
- EU Prize for Women Innovators
- Innovation Radar Prize
- Vautrin Lud Prize
- Fields medal
- Leonardo da Vinci medal
- Leontief Prize
- All European Academies Madame de Staël Prize
- Presidential Early Career Award for Scientists and Engineers

[1]data as of December 2024

## REA SUPPORT SERVICES

**335,394 project proposals** received

**120 170 questions answered** by the Research Enquiry Service

**177 383 expert evaluators** assessed project proposals

**86% of beneficiaries** were very satisfied or satisfied with REA's services[3]

[2]Reference period: January 2014 until December 2024
[3]Source: REA's last external evaluation (2023)

### STAFF
More than **900** of **26** nationalities    **32%**  **68%**    **50% female managers**

In 2021, REA also began contributing to the five EU Missions launched by the Commission. **REA is in the lead for the implementation of the EU Mission "A Soil Deal for Europe".**

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 parent Directorates-General (DGs).

# EXECUTIVE SUMMARY

This annual activity report is a management report of the Director of the European Research Executive Agency (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 [2].

## A. **Key results and progress towards achieving the Commission's** general objectives and department's specific objectives

In 2024, the European Research Executive Agency (REA) continued to make strides in advancing research and innovation across Europe and beyond. The Agency also made progress in managing its delegated programmes and implementing the European Commission's priorities, as evidenced in section 1.1, by maintaining a robust commitment to delivering high-quality results, streamlining processes, and enhancing efficiency.

We celebrated the 40th anniversary of the EU's programmes for funding research and innovation, a testament to the enduring impact of the programmes in fostering collaboration and progress, and showcasing its unique ability to transcend barriers and borders, bringing together great minds from across the continent.

Our commitment to supporting researchers was underscored with the recognition of Dr. David Baker, a co-recipient of the Nobel Prize in Chemistry 2024, who was supported by the Marie Skłodowska-Curie Actions (MSCA), bringing the total number of MSCA-supported Nobel Laureates to date to 20. MSCA-supported researchers received other prestigious awards, including the Kavli Prize and the European Prize for Women Innovators.

REA organised the European Union Prize for Citizen Science and the EU Award for Gender Equality Champions, which highlight the importance of public engagement and institutional change in science and innovation. The EU Contest for Young Scientists was also a success, with 143 young researchers participating this year.

Throughout 2024, we maintained our dedication to high-quality programme implementation, delivering on targets for most of our key performance indicators. REA implemented all of its operational budget for 2024. We signed over 2,000 grants, worth more than EUR 3 billion, with 97.5% of these new grants signed within the regulatory time limits. As for the performance of REA's corporate support services, 97.1% of participants were validated on time and 99.5% of experts were paid on time.

In 2024 we refined our Feedback to Policy (F2P) mechanisms, ensuring that project results continue to inform and support the European Commission's policymaking.

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[2] Article 17(1) of the Treaty on European Union.

REA adeptly managed the complexities arising in the face of geopolitical challenges and changes. In support of the European Economic Security Strategy, the REA Central Validation Service stepped up its ownership and control assessments for selected programmes where restrictions on participations apply. We continued to provide support to Ukrainian researchers and research infrastructures in the face of the ongoing Russian war of aggression against Ukraine. The ongoing conflict in the Middle East prompted careful analysis of the eligibility of certain project participants, emphasising the need for flexibility and vigilance in managing consortium dynamics. These geopolitical shifts underscored the importance of maintaining robust control systems and strategic oversight to ensure the integrity and success of REA's operations.

As we look to the future, we remain committed to supporting researchers and advancing the EU's strategic goals through research and innovation. We will build on a strong staff engagement among the REA workforce, as demonstrated by the results of the 2023 staff survey to deliver on our mission. An example of our commitment is the participation of REA colleagues in working groups dedicated to laying the groundwork for the next framework programme. Our achievements in 2024 set a strong foundation for continued success as we prepare for the challenges and opportunities that lie ahead.

## B. Key performance indicators

*Table 1 KPIs*

| KPI 1. Fully implementing the operational budget |
|---|
|  |
| Target: 100% implementation of commitment and payment appropriations at year-end |
| Source: ABAC |

## KPI 2. Rapid conclusion of grant agreements (TTG **– 'Time To Grant'**[3])

| | HE | AGRIP | RFCS |
|---|---|---|---|
| Target (in days) | 245 | 276 | 276 |
| Average time to grant (in days) | 210 | 229 | 264 |
| Grants signed (Main list) | 1742 | 20 | 28 |

REA average TTG in 2024: 211 days

Source: CORDA

**Grants signed in within the deadline**
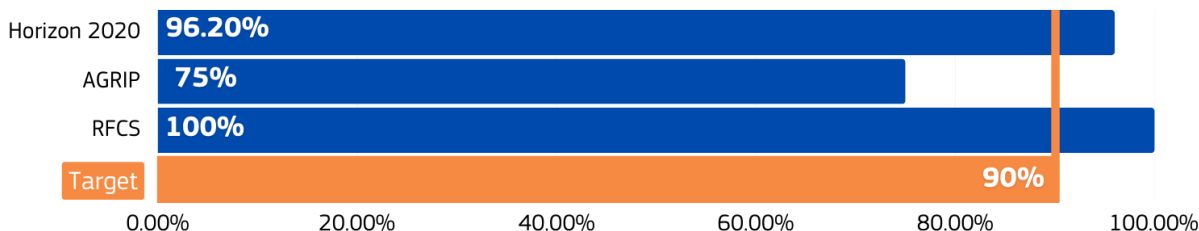
| | |
|---|---|
| HE | 97.59% |
| AGRIP | 95% |
| RFCS | 96.43% |
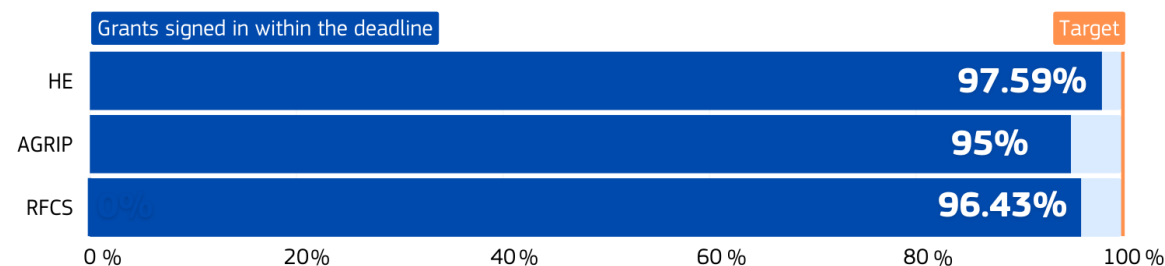
Share of grants signed by REA in 2024 within the deadline: 97.5% [4]

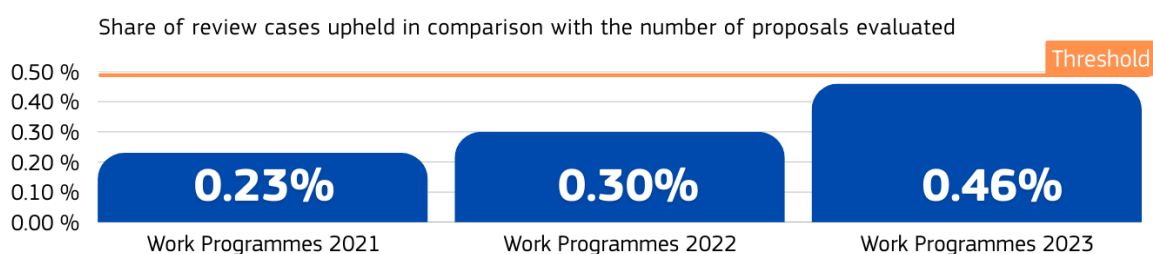## KPI 3. High quality of the key procedures for scientific and grant management

### KPI 3.1 Share of projects that achieved all or most of their objectives.

| | |
|---|---|
| Horizon 2020 | 96.20% |
| AGRIP | 75% |
| RFCS | 100% |
| Target | 90% |

AGRIP: The missed target is due to underperforming projects, including terminated ones.

Source: CORDA for H2020 [5] - AGRIP RFCS [6]

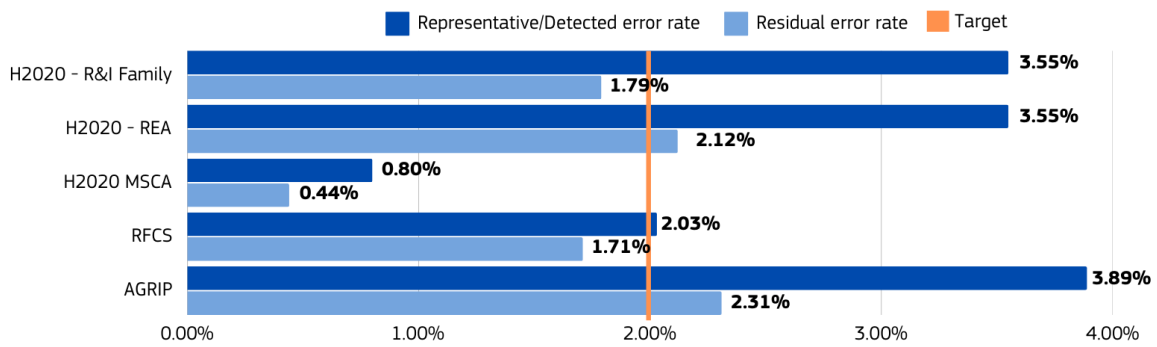### KPI 3.2 Number of complaints on evaluation results (partially) upheld

Share of review cases upheld in comparison with the number of proposals evaluated

| | | |
|---|---|---|
| Work Programmes 2021 | Work Programmes 2022 | Work Programmes 2023 |
| 0.23% | 0.30% | 0.46% |

The increase in upheld complaints for proposals to calls in the 2023 work programmes was due to a higher frequence of complaints for the MSCA Postdoctoral Fellowship call: more applicants challenged their evaluation score because it fell short of the threshold set to obtain a Seal of Excellence or to allow resubmission of the proposals to subsequent calls. No material increase in challenges to funding decisions is reported.

Source: REA monitoring table.

## KPI 4. Legality/regularity of financial transactions



Legend: Representative/Detected error rate | Residual error rate | Target

| Programme | Representative/Detected error rate | Residual error rate |
|---|---|---|
| H2020 – R&I Family | 3.55% | 1.79% |
| H2020 – REA | 3.55% | 2.12% |
| H2020 MSCA | 0.80% | 0.44% |
| RFCS | 2.03% | 1.71% |
| AGRIP | 3.89% | 2.31% |

Target:
H2020 overall target: residual error rate as close as possible to 2% (within the range of 2-5%)
Other programmes overall target: Residual error rate below 2%

Residual error rate for REA H2020 (exc. MSCA) is within the expected range and close to 2%.
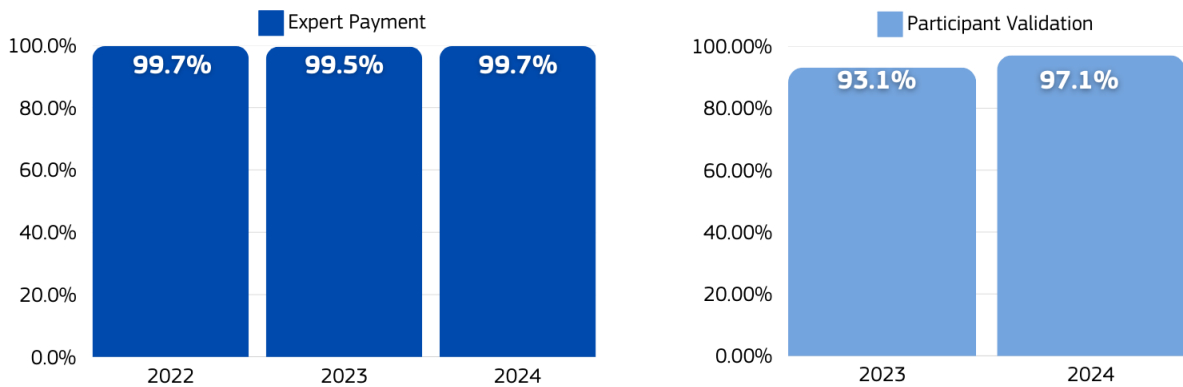The very high error rates for AGRIP are explained in section 2.1.2.d and annex 9.

Source: eGrants

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

| Timely expert payments: 99.7% | Timely participant validation result: 97.1% |
|---|---|



Expert Payment: 2022: 99.7%, 2023: 99.5%, 2024: 99.7%

Participant Validation: 2023: 93.1%, 2024: 97.1%

| Targets: Time to pay for experts: 100% of expert payments carried out within 30 days - Sources: ABAC | Target: 95% of validations completed on time (25 days from complete file) ([7]) - Source: PDM |
|---|---|

([3]) Applications/proposals on the reserve list are not considered in the calculation of the time-to-grant period. This period applies exclusively to successful applications, in accordance with the Award procedure and contract signature.
([4]) Considering that almost 1800 grants were signed last year, this is considered a good result even if slightly below the target.
([5]) Cumulative figure for H2020 programme. The statistics are based on the assessment of Horizon 2020 project reports. On 31 December 2024, data is available for 84.5% of Horizon 2020 projects managed by REA.
([6]) AGRIP and RFCS figures include grants completed in 2024 and are based on management's best estimate.
([7]) This KPI monitors the validations carried out by the central validation service (CVS) that are performed within the timeline provided by the working arrangements.

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

In line with the Commission's Internal Control Framework, REA has assessed its internal control systems during the reporting year and has concluded that they are effective, and that the Framework's components and principles are present and functioning as intended. Please refer to Section 2 for further details.

REA has systematically examined available control results and indicators, as well as observations and recommendations from the internal auditor and the European Court of Auditors, to assess their impact on management's assurance about the achievement of control objectives.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended, and that risks are being appropriately monitored and mitigated. The Director, in his capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance albeit qualified by a reservation concerning the high level of known irregularities in the multi-beneficiary grants part of the AGRIP programme.

## D. Provision of information to the Commissioner(s)

In the context of the regular meetings during the year between the Director and the parent Directorates-General (DGs) on management matters, the main elements of this report and assurance declaration including the reservation envisaged have been brought to the attention of the Agency's Steering Committee and to the parent DGs' Directors-General.

# 1. IMPLEMENTATION OF THE AGENCY'S ANNUAL WORK PROGRAMME - HIGHLIGHTS OF THE YEAR

## 1.1. REA's contribution to achieving the Commission's priorities

REA works in close cooperation with its Steering Committee and parent DGs. Figure 3 below shows the connections between REA-implemented programmes and the objectives of the Commission, both annual and multi-annual. The strategic priorities of DGs are structured according to the overall Commission objectives. Each programme part delegated to REA makes a direct contribution to at least one strategic priority of a parent DG for the period 2020-2024.

In addition, the parts of REA's portfolio that support multiple fields of research and innovation, such as Widening participation and strengthening the European Research Area or Research Infrastructures, make contributions to other strategic priorities. These indirect contributions are also shown in the performance tables in Annex 2. Furthermore, the Marie Skłodowska-Curie Actions (MSCA), which cover a wide range of science and innovation topics, have the potential to support a variety of the Commission's objectives.

*Figure 3 - **REA's contribution to the Commission's priorities** 2020-2024*
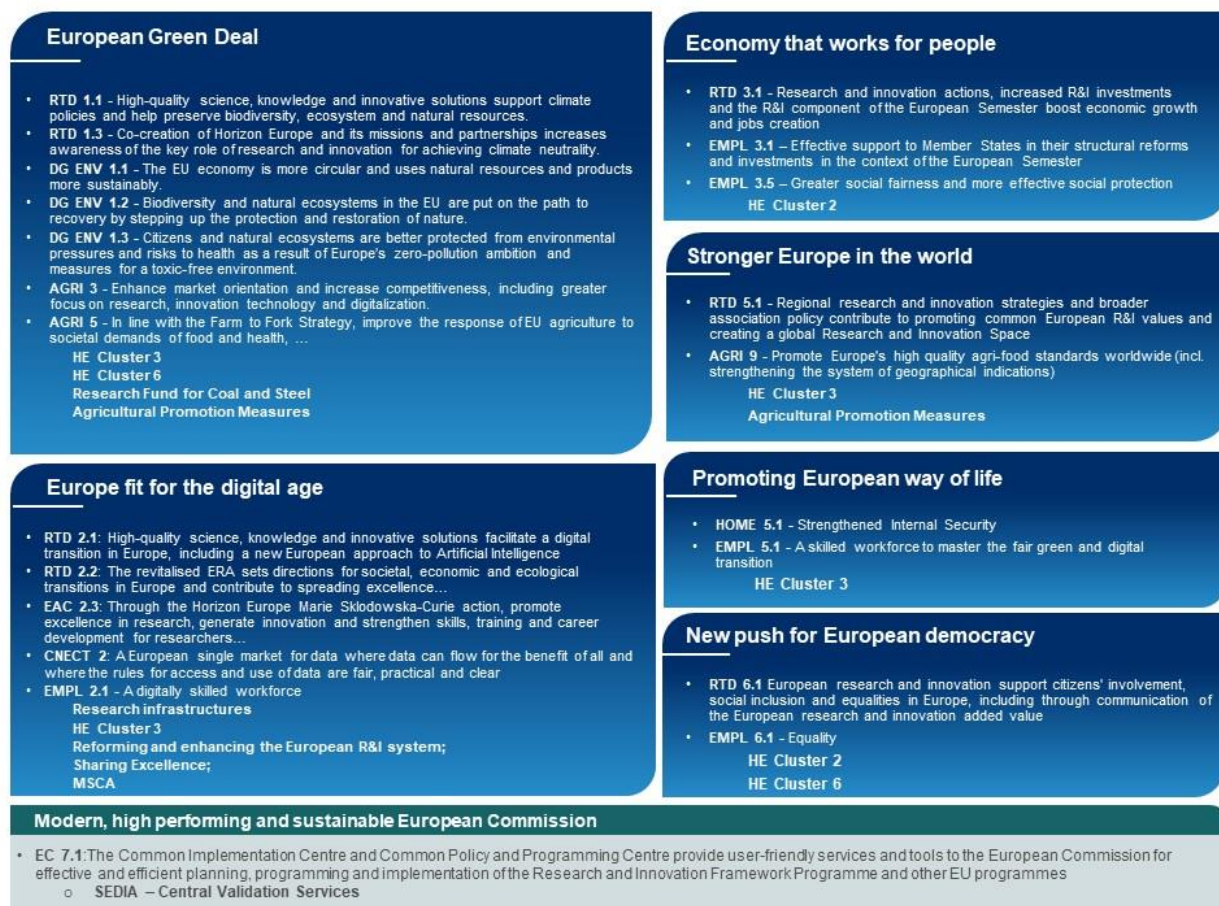
## ⚜ EU added value

2024 was a significant year for the European Union, marked by elections and a renewed focus on the values underpinning European liberal democracies. EU-funded research plays a vital role in addressing societal, economic and environmental challenges, aligned with the European Commission's 2019-2024 priorities.

## A NEW PUSH FOR EUROPEAN DEMOCRACY

"A new push for European democracy" recognises the need to strengthen our democratic systems and promote a sense of European citizenship.

The Marie Skłodowska-Curie Actions' lunchtime conversations on democracy connect researchers to EU and national policymakers and a wider stakeholder community. For example, ActEU and IP-PAD spoke on how to inspire young people to engage in democratic processes. This series of events shows that the vast portfolio of EU-funded projects is a key resource for policymakers to help address major challenges to our democracies.

Projects like MEDIATIZED EU tell us how media discourses shape public opinion in democracies. CONCISE, ENJOI and TRESCA projects looked at how trust in science can be strengthened and used to tackle misinformation. The European Competence Centre for Science Communication being built by the COALESCE project gathered research results to ensure scientific evidence finds its way to inform policies and public discourse.

## PROMOTING OUR EUROPEAN WAY OF LIFE

The "Promoting our European way of life" priority seeks to protect European citizens and values. The INCREASE project received the 2024 European Union Prize for Citizen Science for its contribution towards an inclusive and sustainable European society. Through advancing knowledge on seed preservation, INCREASE shows that it is possible to bring together European citizens, NGOs, researchers and policymakers under a common goal of improving agrobiodiversity.

## A EUROPEAN GREEN DEAL

The European Green Deal strives for Europe to be the first climate-neutral continent. EU-funded research supports the development of innovative solutions to environmental challenges, ensuring a healthy environment for all citizens.

Looking at Horizon 2020 projects funded under the Societal Challenge for Climate action, Environment, Resource Efficiency and Raw Materials, SUPERB, MERLIN, WaterLANDS and REST-COAST are flagship projects on ecosystem restoration. They demonstrate how EU funding can drive large-scale restoration and promote biodiversity through their input in the negotiation of the new Nature Restoration Law. They continue to inform the development of the EU's 2030 Biodiversity Strategy alongside the 16 projects selected for the 11th Plenary of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES).

# AN ECONOMY THAT WORKS FOR PEOPLE

This Commission priority aims to ensure social fairness and prosperity. Lack of economic prospects are at the root of discontent among citizens in declining regions, affecting trust in democracy.

Teaming for excellence, the Widening programme's flagship action, supports the creation of centres of excellence in regions lagging behind in research and innovation. Centres in Slovenia (InnoRenew), Estonia (FINEST Twins), Cyprus (KIOS) and Serbia (ANTARES) foster innovations in different fields, creating regional growth and opportunities for citizens.

In the same spirit of ensuring that no place is left behind, the project Dust funded under Horizon Europe Cluster 2 – Culture, creativity and inclusive society, focuses on engaging with communities impacted by the green transition, such as coal regions and analysed the building blocks for trust in the sustainability transition. Funded by the Research Fund for Coal and Steal, RECOVERY focuses on restoring coal mining-affected areas, demonstrating how ecological restoration efforts can improve public welfare.

# A EUROPE FIT FOR THE DIGITAL AGE

"A Europe fit for the digital age" empowers people with a new generation of technologies, helping citizens to navigate better a changing information environment and to improve the efficacy of public administrations.

EITHOS, funded under Horizon Europe Cluster 3 – Civil Security for Society, for instance, develops a novel identity theft observatory system: so that European citizens, law enforcement agencies, and policymakers can prevent, detect, and investigate online identity theft-related crime and inform citizens about good protection practices and the dangers of deepfakes.

# A STRONGER EUROPE IN THE WORLD

This priority seeks to reinforce the EU's responsible global leadership. Projects funded under the Horizon Europe Research Infrastructures programme part such as ISIDORE and BY-COVID support the development of innovative solutions to infectious diseases. ISIDORE provides researchers with access to over 300 installations for research on infectious diseases, while BY-COVID developed a prototype portal for rapid deployment in case of pandemics or biological threats and is part of the European Commission's biodefence preparedness plan.

## CONCLUSION

EU-funded research plays a vital role in supporting democratic resilience in Europe, informing policies, tackling economic decline, engaging citizens, and improving health and the environment. Continued investment in research and innovation is essential to promoting a strong, connected and resilient Europe.

## 1.2.    Programme implementation

This section provides a brief description of notable developments in the implementation of the programmes delegated to REA, commenting on progress towards meeting operational targets (detailed data is provided in Annex 2).

Overall, the Agency is performing well in the management of its delegated programme parts, as shown by the results of the Key Performance Indicators. Operations are running smoothly, except for AGRIP grants, where difficulties mentioned in previous reports and below (see section 2.1.2.d) continue to affect the programme.

The following sub-sections present highlights for each of the programmes and programme parts beyond the routine programme implementation activities that constitute the bulk of the work of the Agency.

## Main challenges affecting REA's programme implementation activities

Programme implementation in 2024 progressed well and REA's performance was yet again in line with the expectations, as evidenced by the KPI results. However, the Agency encountered multiple challenges.

The evolving political landscape in various regions posed additional pressures on beneficiaries and required actions from REA. The fourteenth sanctions package against Russia expanded previous measures taken against Russian and Belorussian beneficiaries, introducing a new layer of complexity to their applications.

The ongoing conflict in the Middle East prompted a thorough analysis of REA's project portfolio. REA sought and received clarification from the Commission regarding the eligibility of certain Israeli beneficiaries involved in activities within occupied territories. The participation of Israeli entities in running projects was also questioned by certain consortia, but no material impact on projects has been observed so far. REA will continue to monitor the situation and follow the Commission's guidance.

The UK's association to Horizon Europe entered into force on 1 January 2024; this meant that UK-based entities were eligible to receive funding only from the 2024 budget. UK participants in calls from the 2021-2023 work programmes were non-funded partner organisations, with alternative funding secured from the UK government. This led to a higher-than-usual number of budget leftovers from the 2023 calls, which were subsequently allocated to a larger number of reserve-listed proposals, albeit with a delay.

The European Economic Security Strategy increased the need for Ownership and Control Assessments (OCAs) due to evolving geopolitical changes and the recast of the Financial Regulation, which introduced multifaceted restrictions on the eligibility of applicants to R&I programmes. It also generated a shift towards competitiveness, and an increased focus on security and the dual use of technologies. This increases the need for ethics and security screening and, more generally, for means to restrict participation and increase controls.

The substantial increase in the number of proposals received for many calls is likely due, at least in part, to the rapid adoption of Generative AI, which has increased workload and pressure on resources during the evaluation and selection of proposals for funding. However, in the case of the Marie Skłodowska-Curie Actions (MSCA), the increase in proposals was consistent with previous programme trends and also explained by the impact of the UK's association to Horizon Europe. There are also risks associated with the use of AI tools by experts and REA staff, as well as the ethical implications of using AI tool within projects. To address those, REA developed guidance focused on the use of AI in evaluations and started a reflection on how to adapt the evaluation process to the new circumstances. The REA AI Task Force explored emerging issues and opportunities to facilitate the adoption of corporate AI tools in our business processes.

Promoting gender equality in research and innovation was implemented in Horizon Europe by the obligation for beneficiaries to adopt a Gender Equality Plan (GEP) at the time of signing the grant agreement. During 2024, ex-post controls revealed some cases where this condition had not been met, leading to grant reductions. As corrective actions were taken by applicants, no termination of participation with full grant recovery was necessary.

President von der Leyen has emphasised the importance of reducing reporting requirements by 25% without compromising policy objectives. Working towards that goal, REA continued to implement simplification measures designed for Horizon Europe, such as lump sum funding and optional unit costs for personnel costs. Many details of the underlying processes have been fine-tuned and improved. Expert evaluators of lump sum calls were supported by summaries based on automated reports prepared by a budget adviser. REA reflected on how to manage the possible rejection of deliverables or work packages and prevent fraud in lump sum grants. Additional guidance and improvements were sought on assessing the adequacy of the lump sum budgets estimated by the applicants. Specific vigilance was required for lump sum grants when terminating bankrupt beneficiaries and establishing final claims with liquidators, since existing guidance did not adequately cover these scenarios. The Commission aims to use lump sum funding for 50% of the call budget by 2027.

# Horizon Europe and legacy of Horizon 2020

## *Marie Skłodowska-Curie Actions (MSCA) ([8])*



| | | | |
|---|---|---|---|
| **11** Calls | | Running projects **5 361** | |
| **11 608** Proposals evaluated | MARIE SKŁODOWSKA-CURIE ACTIONS (MSCA) | Payments **3 419** | |
| **1 677** Grants signed | | Budget execution — Horizon 2020: € 155.90m — Horizon Europe: € 670.03m | |

In 2024, the Marie Skłodowska-Curie Actions (MSCA) programme continued to promote research excellence, innovation, and career development across Europe and beyond. Performance was largely in line with targets, and by the end of the year, REA handled a total of 5 361 running projects, with the majority under Horizon Europe and a substantial number still from Horizon 2020. The number of proposals evaluated was in line with expectations, with the increase explained by the high increase in budget stemming from the contributions of newly associated third countries, and a phenomenon noticed in previous FPs that the number of proposals increases over time.

Efforts were made to streamline processes and enhance efficiency, notably by reducing the duration of consensus meetings and decreasing the number of evaluators per proposal in COFUND calls. Efforts to improve open science compliance and streamline internal procedures were also prioritised, contributing to increased transparency and operational efficiency.

The geopolitical context impacted some projects, particularly those involving Israeli and Lebanese participants, necessitating flexibility measures. Despite these challenges, the programme demonstrated resilience, with projects maintaining momentum and delivering significant scientific outcomes. As for the MSCA4Ukraine scheme, the 2022 Grant Agreement was amended to add EUR 10 million to the original EUR 25 million budget. This amendment allowed an additional call for Ukrainian researchers that left Ukraine after the Russian war of aggression started.

The MSCA programme also focused on enhancing industry collaboration, participating in various international events such as the Web Summit in Lisbon and ESOF 2024 in Katowice. These events facilitated discussions on the programme's impact on societal issues like climate change, energy transition, and policy engagement. The programme actively engaged in feedback to policy (F2P) activities, organising events like the COFUND policy feedback event and the MSCA Staff Exchanges Feedback Day to gather insights from beneficiaries and stakeholders. REA also conducted a survey on the added value of MSCA

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([8]) These figures include Widening Fellowships.

doctorates, targeting over 58,000 participants, which highlighted the programme's positive impact on international networking and funding.

In 2024, the MSCA programme undertook significant preparations for the upcoming FP10, focusing on enhancing the programme's impact and adaptability. REA participated in discussions on researchers' careers, programme simplification, the evolution of MSCA components like COFUND and Citizens actions, the innovative dimension of Innovative Training Networks, international cooperation, and research security. These efforts aimed to integrate valuable insights and align MSCA's strategic direction with future European research priorities. As we look forward to future framework programmes, these achievements underscore the MSCA's pivotal role in advancing research careers and fostering international collaboration. Through continuous improvement and adaptation, the programme remains committed to supporting researchers in addressing global challenges and contributing to the European Research Area's goals.

## *Research Infrastructures (INFRA)*



Five INFRA calls were evaluated during the year. There was a record number of applications, 2.4 times more than in similar calls in 2023. All resulting grant agreements were signed during the reporting period. At the end of the year, there are 164 HEU and 54 H2020 running projects.

Although INFRA is a bottom-up programme focused on building capacity, which makes it challenging to ascertain its direct contributions to specific policy initiatives and scientific areas, efforts in 2024 began to make REA's policy contributions in this area more focused and visible.

The primary activity in this respect was a Transnational Access (TNA) assessment study. REA coordinated data alignment and automation for a TNA Report by country for H2020 projects, offering insights into researcher flows between originating countries and countries where infrastructure or installations are located. The study confirms the fundamental role of RIs in fostering scientific excellence and cross-border collaboration and formulates several suggestions and recommendations for further optimising the TNA scheme.

REA helped to organise a coordination meeting for the European Open Science Cloud in June, the latest in a series of events supporting this crucial initiative.

## Cluster 2: culture, creativity and inclusive society (HEU) / Societal Challenge 6 (H2020)



The evaluation of the 2024 calls covered double the number of proposals compared to 2023, spread over 28 topics and three Destinations (Democracy, Cultural Heritage and Social and Economic Transformations). An additional call for the European Collaborative Cloud for Cultural Heritage was launched in June.

A significant number of Feedback to Policy (F2P) activities were delivered, covering a wide range of policy areas such as AI, corruption, disinformation, migration, disabilities, and crafts. Notable highlights included successful workshops on integrating social science and humanities elements into Work Programmes, portfolio analyses on disinformation & AI, disabilities, the social impact of the green and digital twin transition, and the organisation of numerous events, workshops, and policy roundtables. These events aimed to facilitate the exploitation and valorisation of project results by policymakers and provided opportunities for projects to share their recommendations and results with a wider policymaking community.

## Cluster 3: civil security for society (HEU) / Societal Challenge 7 (H2020)



32 projects were selected for funding from the calls launched in 2023. As for the five 2024 calls launched in June, there was a substantial increase of 75% in the number of proposals received. At the end of the year, there are 100 HEU and 43 H2020 running projects.

A significant challenge for EU research programmes lies in translating research findings into practical applications and solutions. To enhance the impact and implementation of

Cluster 3 project outputs, REA continued to engage actively with the end-users of these outputs, including law enforcement agencies, customs authorities, and first responders.

REA continued to provide feedback to inform policy decisions in this area. It participated in and co-organised a Projects to Policy Seminar that brought together in June all the coordinators from civil security research projects selected in 2022 and Commission policymakers. Other notable activities included the Cluster 3 Info-Days in June, policy roundtables, policy briefs, and a CORDIS Result Pack on projects addressing migrant smuggling. REA also co-organised a workshop during the European Week of Regions and Cities on enhancing risk awareness and preparedness to make EU communities more resilient.

Another challenge during the year was dealing with the outside scrutiny that this part of the HE programme generates. This is understandable considering the scope and focus of security projects, and it results in many interactions and replies to administrative requests for access to documents from the public.

## *Cluster 6: food, bioeconomy, natural resources, agriculture and environment (HEU) / Societal Challenges 2 and 5 (H2020)*



The cluster's operations were marked by setting and breaking records. The portfolio of grants reached new heights, with 779 agreements running currently, reflecting a steady growth in the intake of new Horizon Europe projects, while the number of ongoing H2020 grants remained significant. A total of 1 356 proposals were evaluated, exceeding the forecast numbers.

Throughout 2024, REA provided policy feedback through various channels. The programme's work on the F2P plan supported the identification of research gaps and priorities for the programming of the last years of Horizon Europe, contributing to the revision of water-related EU policies and legislation, and informing the development of sustainable textile business. Examples of Feedback to Policy (F2P) activities include:

- Providing an in-depth portfolio analysis of 24 projects in the area of circular plastics and construction/buildings to support the identification of research gaps and priorities for future programming;

- Contributing to the revision of water-related EU policies and legislation through input from 35 projects on monitoring water quality and managing groundwater pollution;
- Preparing a project portfolio list with deliverables and publications for 100% organic relevant projects, and reference to specific deliverables and publications for partially relevant projects, to support the identification of research gaps and priorities for future programming;
- Supporting the preparation of clustering events in modelling and digitalisation in agriculture;
- Supporting the development of CORDIS Result Packs on polar regions and environmental observations, sustainable solutions for water management in India, and the future of textiles;
- Organising a series of workshops to support the EU Water resilience initiative;
- Providing policy feedback through project meetings, bilateral exchanges, and input to drafters of the Cluster 6 Work Programme 2025;

Project monitoring activities increased by 30% in 2024, with a total of 194 project reviews and checks carried out.

Significant progress was made in establishing and managing co-funded partnerships, in consultation with the Commission. These partnerships include the European Partnership on water security for the planet, the European Partnership accelerating farming systems transition: agroecology living labs and research infrastructure, the European Partnership for animal health and welfare, and the European Partnership for Sustainable Food Systems, among others. These partnerships have shown high potential in terms of communication and policy impact, so it was important to devote efforts to tackling the implementation difficulties that their complexity entail.

## *Widening participation and spreading excellence (HEU) / SEWP (H2020) ([9])*



**5** Calls

Running projects **462**

**650** Proposals evaluated

WIDENING PARTICIPATION AND SPREADING EXCELLENCE (HE) / SEWP (H2020)

Payments **303**

**174** Grants signed

Budget execution
Horizon 2020: €54.07m
Horizon Europe: €373.50m

The Widening participation and spreading excellence programme continued to grow in 2024, with 462 ongoing projects by the end of the year, including 84 legacy projects from the Horizon 2020 (SEWP) programme and 378 projects from Horizon Europe.

([9]) Excluding Widening Fellowships, for which the data is reported under Marie Skłodowska-Curie Actions (MSCA).

REA successfully evaluated three calls with a March deadline: Teaming for Excellence, Excellence Hubs, and ERA Chairs. There was a significant increase in proposals for Excellence Hubs (100% increase) and ERA Chairs (75% increase). REA launched Grant Agreement Preparations (GAPs) for successful proposals in May-June. Additionally, it finalised evaluations for the Twinning call, receiving 848 proposals (also a significant increase).

REA signed 16 Grant Agreements from the new Pathways to Synergies call. The call offered two pathway options, one for upstream synergies with stricter consortia composition and one for downstream synergies limited to projects having received horizon funding and having validated research results and seeking support from other programmes for valorisation.

The second cut-off date for the Hop-on Facility call closed in September, with 109 proposals submitted, of which 90 were successful. This was the first time that beneficiaries from widening countries hopped on to running projects already using lump sums. The ERA Talents call also closed in September and was successfully finalised, with 13 proposals selected for funding.

The Synergies Coordinators' Day in May brought together 27 delegates from 16 successful Pathways to Synergies projects. It fostered synergies between Horizon Europe and Cohesion programmes. Its success led to a similar event in November for new Teaming and Excellence Hubs projects.

REA continued to explore ways to improve efficiency in this part of HE, including the implementation of a hybrid evaluation approach for the Teaming evaluations and developing a proposal to pilot a new approach for the next Twinning call to manage the increased number of proposals better.

## *Reforming and enhancing the European R&I system (HEU) / SwafS (Horizon 2020)*



The two ERA calls attracted a record number of applications, 2.4 times more than in 2023. These were complex proposals with large consortia. At the end of the year, there are 82 HEU and 30 H2020 running projects.

There was a notable rise in policy-related activities and events. Key initiatives included the design of a process for an ERA Agenda portfolio mapping, analysis, and the piloting of F2P products tailored to specific ERA Actions. REA played a significant role in organising the ERA Conference 2024 by curating projects for the event and supporting the creation of visual content.

Other highlights included the [European Union Prize for Citizen Science](#) and the [EU Award for Gender Equality Champions](#) ceremonies. The award ceremony for the second edition of the Gender Equality Prize took place in Brussels in May 2024, with the Commissioner handing over the prizes to the winning institutions in three categories ([10]). The third edition received 34 applications; winners will be announced in March 2025. Other successful actions supporting the ERA agenda were the [ESOF2024,](#) the [EU TalentON 2024](#) and the [EUCYS2024 ](#)events in Katowice (PL).

The EU Contest for Young Scientists call was closed in January. The evaluation and awarding process took place in the first quarter of 2024, and the grant agreement was signed in April.

REA collaborated with the Commission to produce three CORDIS Results Packs on ethics and integrity, open schooling, and science communication, and plans to continue this trend in 2025 with more events and increased feedback to policy.

## Research programme of the Research Fund for Coal and Steel (RFCS)

- **3** Calls
- Running projects **114**
- **108** Proposals evaluated
- Payments **85**
- RESEARCH PROGRAMME OF THE RESEARCH FUND FOR COAL AND STEEL (RFCS)
- **28** Grants signed
- Budget execution €32.70m

The annual RFCS call attracted 98 proposals, 26 for Coal and 72 for Steel, which was an increase of 16% from the previous year. 33 of them were selected for funding. There were also two Big Ticket calls which were yet again undersubscribed but for which the quality of proposals was higher than in the past, as evidenced by evaluation scores. Several actions taken by REA focused on improving quality, such as workshops for applicants during info days or raising awareness of quality issues during stakeholder events. This resulted in a higher success rate and a more impactful use of the budget.

Another successful process improvement was the use of hearings during the panel review phase of the Big Tickets calls. This allowed applicants to provide clarifications to the experts

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([10]) No prize was awarded in the Inclusive Champions prize category.

on certain elements of their proposals. Care was taken to ensure equal treatment of all the applicants. The feedback received from applicants and experts was positive.

Technical Groups continued to focus on analysing the portfolio of ongoing and past projects in seven different areas, with their first reports providing the Commission with welcome inputs. As for the Advisory Groups, work continued on renewing their composition.

## Promotion of agricultural products (AGRIP)
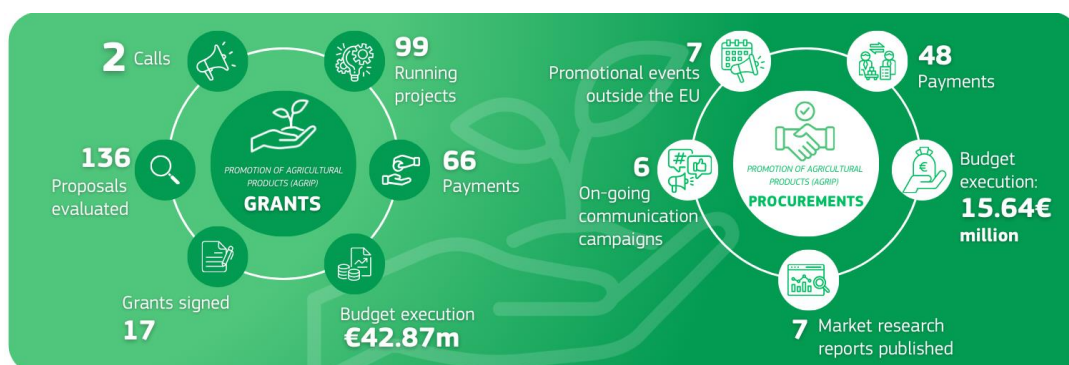


32 ([11]) proposals were submitted to the MULTI call, of which 17 were selected for funding. A revised interpretation of the continuation rule ([12]) and increased outreach and information activities had a positive impact on the undersubscription to MULTI calls reported in the past, resulting in 50% more proposals received than the previous year.

For the SIMPLE call, 130 ([13]) proposals were submitted (an increase of 30% compared to 2023), of which 58 were successful ([14]). All SIMPLE topics were oversubscribed except the topic "internal market organic".

REA promoted EU agri-food products through a range of programme outreach activities, including four EU pavilions at trade fairs in Japan, China, Kazakhstan, and Vietnam, two high-level missions to China and Kazakhstan, and a business mission to Indonesia. Additionally, six communication campaigns targeted key markets in China, South Korea, Japan, India, the USA, and the UK. The 'Enjoy it's from Europe' umbrella website was launched in September, aiming to raise awareness of EU promotion initiatives and provide an interactive map of EU agri-food promotion projects.

The transition to e-procurement was not complete by the year-end as e-tools are not yet available for all procedures managed by REA and for all stages of the project lifecycle.

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([11]) 32 MULTI proposals were submitted of which 1 was inadmissible and 8 were ineligible.
([12]) A programme may only promote the same product and target market in two consecutive grants, then there must be a break in funding.
([13]) 130 SIMPLE proposals were submitted of which 7 were inadmissible and 10 were ineligible.
([14]) REA only manages the evaluation phase of the SIMPLE calls, which are implemented under shared management with Member States.

REA continued its initiatives to improve the management of the AGRIP grant portfolio and tackle the fraud risks reported last year and described in section 2.1.2.d.

## 1.3.    Cross-cutting aspects of programme implementation

### Supporting the Commission's policymaking

In 2024, REA achieved significant milestones in supporting the Commission's policymaking. REA's engagement with the Commission and other stakeholders was substantial, with project officers involving policy officers in evaluation processes to provide valuable feedback on topic drafting, lump sums, and evaluation outcomes.

During the first semester, REA developed Feedback to Policy plans for all delegated Horizon Europe programme parts, which were all successfully implemented. The agency concentrated on three main strands: fostering synergies in horizontal policy priorities, learning from the process to improve it, and raising stakeholder awareness of policy work. A notable synergy was achieved by connecting F2P work across programmes and providing strong data analysis support and collaboration networks.

During a year when many elections took place, a portfolio of 500 democracy-related projects was compiled, facilitating portfolio analyses and offering insights into the contributions of bottom-up programme parts across agencies. This activity led to a Horizon Booster Request for further analysis and supported communication efforts like the "Science for Democracy" campaign and collaboration with the Commission on the "Future of Democracy" series.

The REA Knowledge Network served as a key forum for learning and sharing lessons. Efforts to increase the visibility of REA's F2P work included presentations to the REA Steering Committee and a well-attended talk **at the Commission's premises**, both highlighting the value of F2P in evidence-informed policymaking.

Cross-service networks and partnerships were developed to support F2P, with REA actively improving coordination with other Executive Agencies and Commission services. Engagements with the Joint Research Centre and the Scientific Advice Mechanism further supported the Commission's evidence-informed policymaking and contributed to a European science-for-policy ecosystem.

## Contribution to EU Missions



**3** Calls

**147** Proposals evaluated

**20** Grants signed

EU MISSION:
A SOIL DEAL FOR EUROPE
+
CROSS-CUTTING ACTION

Running projects **50**

Payments **13**

Budget execution
€23.43m (CL6 excl)

REA has played a significant role in the A Soil Deal for Europe Mission, managing 50 ongoing projects, including three from joint calls with other Missions. The first 25 Living Labs were launched successfully, and the first funded project concluded in October 2024. REA completed two Grant Agreement Preparations (GAPs) for the joint call between Mission Soil and the Restore our Ocean and Waters by 2030 Mission. The GAP process for Mission Soil projects is complex due to their intricacies, and article 31.3 of the Horizon Europe regulations allows these GAPs to exceed the usual Time-To-Grant targets.

The ambitions and results of the EU Missions have been closely scrutinised, prompting efforts to create synergies between projects and to capture and utilise knowledge, data, and key results effectively. REA, in collaboration with the Commission and project consortia and supported by the Mission Soil Platform, launched three themed clusters. These clusters focus on Data and Knowledge Management, Communications and Stakeholder Engagement, and Monitoring and Indicators. REA facilitated communication between the lead projects in each cluster and the Commission services.

During the year, REA contributed to crosscutting actions of the EU Missions in two ways. It launched a call for *Experimental Local Action for EU Missions*, focusing on knowledge institutions as focal points for transdisciplinary research and innovation activities with European outreach. REA was also involved in two topics related to the *Establishment of a Framework Partnership Agreement for a European Networked Catalyst Fund for Social Innovation in Support of the Missions* (formerly known as the Social Catalyst Fund). Despite the relatively modest budget of EUR 12.5 million, the call required considerable effort due to its complexity.

## Communication and outreach

REA's external communication actions and its overall communication strategy are designed to support the delivery of the Commission's objectives through promoting the programmes managed by REA as well as their contribution to EC policy priorities.

Some of the highlights included:

- REA launched the ['Science for Democracy' campaign](#) in the run-up to the European elections. This included inviting the EITHOS project to the EU Open Day on 4 May to raise awareness about identity theft and deepfakes.
- The Agency has become a major contributor to the **Funding and Tenders Portal's** new Editorial Hub. In 2024, REA published 46 news items and events, a significant increase from only two in 2023.
- While celebrating the 40th anniversary of EU Research and Innovation programmes, REA participated in the R&I Week with a joint stand organised with the Commission and five REA-managed projects. Furthermore, 14 REA-managed projects were selected to be featured in the [anniversary campaign](#). **REA's** Director also sent a [thank-you letter to the R&I community](#) at the end of the year.
- The [EuroScience Open Forum 2024](#), a biennial meeting designed to offer the scientific community a platform for interdisciplinary and intersectional debate about scientific culture, took place in Katowice (PL). The event, organised through a grant managed by REA, was successful, with 2 400 onsite participants, a popular EU stand and onsite streaming of the [EU Prize for Citizen Science announcement](#).

REA communicates to over 135 000 followers across four social media accounts. **REA's** LinkedIn account is the fastest growing, while follower growth stagnated on the two X accounts at the end of 2024.

In addition, REA regularly contributes to jointly managed R&I social media accounts, i.e. the Commission's EU Science Instagram and LinkedIn accounts (coordinated by the JRC) as well as DG RTD's Facebook account. This offers the agency the possibility to reach an additional 300 000 followers, targeting selected content of more general interest to a wider audience beyond the agency's core stakeholders.
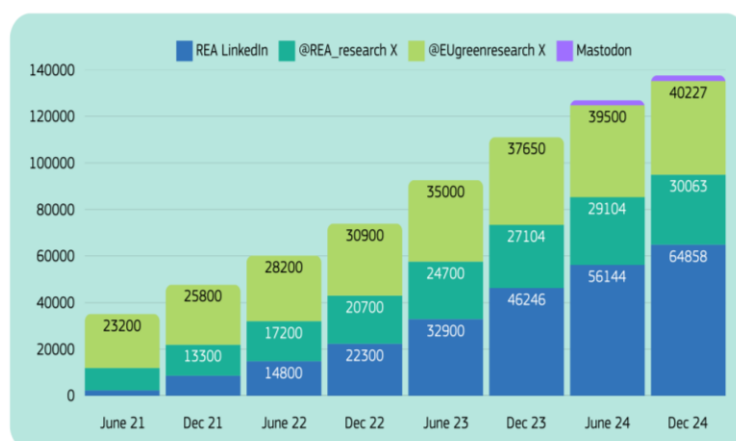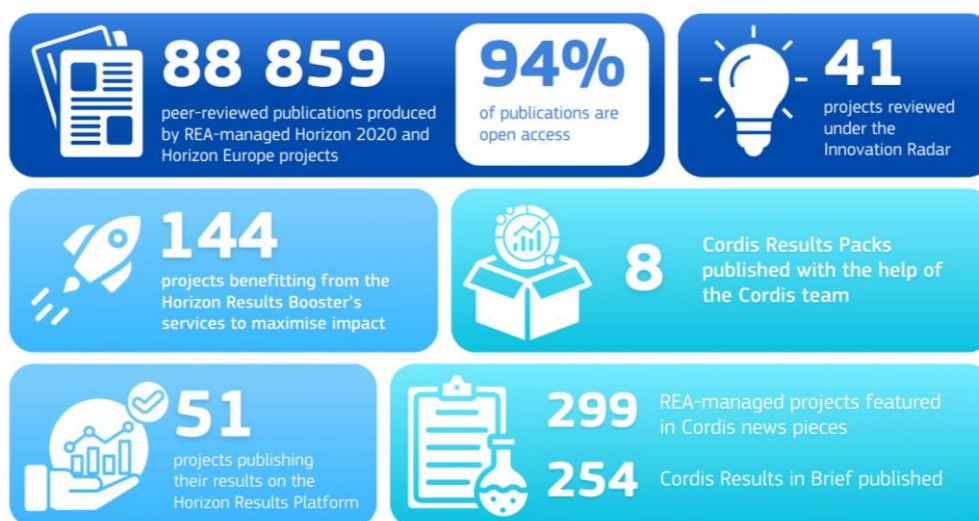


*Figure 4 - REA Number of followers on social media*

In 2024, the agency published 32 programme-specific newsletters. The total number of subscriptions increased by 17% to 14 960 (compared to 2023).
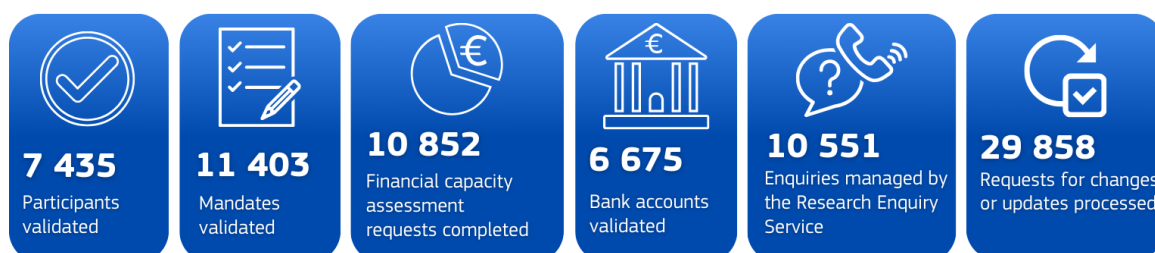
## Knowledge valorisation

Highlights in 2024 include a [social media campaign](#) to encourage beneficiaries to increase their dissemination and valorisation efforts.

The following quantitative results can be highlighted ([15]):

**88 859** peer-reviewed publications produced by REA-managed Horizon 2020 and Horizon Europe projects

**94%** of publications are open access

**41** projects reviewed under the Innovation Radar

**144** projects benefitting from the Horizon Results Booster's services to maximise impact

**8** Cordis Results Packs published with the help of the Cordis team

**51** projects publishing their results on the Horizon Results Platform

**299** REA-managed projects featured in Cordis news pieces

**254** Cordis Results in Brief published

## 1.4. Support tasks delegated to the Agency

### Participant management for grants/tenders and Research Enquiry Service

**7 435** Participants validated

**11 403** Mandates validated

**10 852** Financial capacity assessment requests completed

**6 675** Bank accounts validated

**10 551** Enquiries managed by the Research Enquiry Service

**29 858** Requests for changes or updates processed

The Central Validation Service (CVS) continued to deliver high-quality corporate validation services in 2024 to Commission Departments, Executive Agencies, Joint Undertakings, and other bodies.

Although CVS client services overestimated the validation volumes in the 2024 Annual Work Programme (see annex 2), there were increases in some activities: an 11% increase in the financial capacity assessments in 2024 compared to 2023, and 17% more SME/mid-caps status assessments. The CVS successfully processed the validation volumes received, thereby safeguarding its clients' ability to implement their budget by year-end.
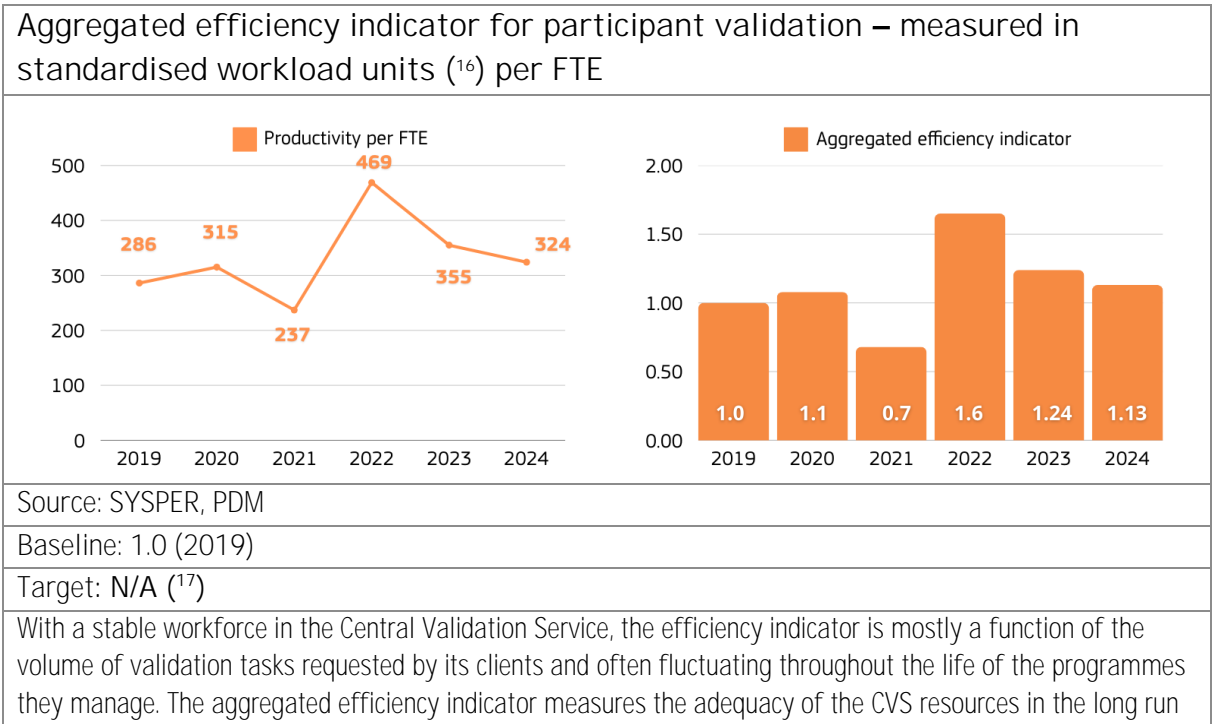
The efficiency and effectiveness of the CVS's activities showed improvement, with a 96.2% overall satisfaction rate from clients, up from 90.3% in 2023. The time to validate also improved to 97.1% on time, up from 93.1% in 2023.

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([15]) CORDIS Results Packs: 8 packs were published by the CORDIS team on Countering migrant smuggling, The future of textiles, Insights into extremism (2nd edition), Environmental Observations for the EU Green Deal, Ethics and integrity in research, Cultural tourism, Open schooling, and Science communication (2nd edition).

The CVS made significant progress in ownership and control assessments (OCAs). The European Economic Security Strategy and the Commission's increased scrutiny of entity ownership due to the evolving geopolitical situation increased the need to carry out OCAs on a wider range of potential beneficiaries. As a result, there was a 44.9% increase in OCAs compared to 2023. As member of the Reflection Group on Economic and Research Security, the CVS pushed for the development of a self-assessment tool allowing the provision of more complete data on ownership and control by participants, which would increase the efficiency of the OCA process and allow a shift to risk-based checks. To that end, the CVS developed a proof of concept for a self-assessment tool (OCA wizard) for participants.

REA provided expertise and technical contributions to the Commission's work in developing various corporate control systems. The CVS

- contributed to the public methodology for assessing ownership and control in grants with financial support to third parties and the revision of corporate guidance to participants in restricted calls;
- provided input to the Commission on issues regarding the implementation of EU restrictive measures;
- contributed to the development of various IT workflows in eGrants;
- invested in the complex and laborious integration of the CVS's IT tools with SUMMA, the Commission's new finance and accounting system.

| Aggregated efficiency indicator for participant validation – measured in standardised workload units ([16]) per FTE |
|---|
|  |
| Source: SYSPER, PDM |
| Baseline: 1.0 (2019) |
| Target: N/A ([17]) |
| With a stable workforce in the Central Validation Service, the efficiency indicator is mostly a function of the volume of validation tasks requested by its clients and often fluctuating throughout the life of the programmes they manage. The aggregated efficiency indicator measures the adequacy of the CVS resources in the long run |

([16]) REA's participant validation comprises many tasks of varying complexity. To measure overall productivity, workload by task has been measured in standardised workload units where tasks are weighed by their complexity factor.
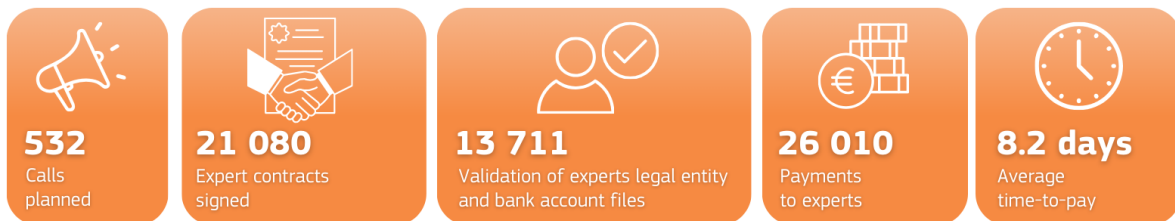([17]) Targets cannot be set since, with stable staffing, the efficiency per FTE depends on the clients' requests.

to perform the validation tasks. The peak in 2022 resulted in a crisis, and short-term measures had to be taken([18]), inspired by a proper risk assessment and derogating from the standard control set-up.

## Evaluation Support, Call Planning and Expert Management

REA provides expert management and other support services to EU bodies implementing Horizon Europe and other programmes. In 2024, REA extended its support services to the European Cybersecurity Competence Centre and Network (ECCC), for both Horizon Europe and Digital Europe activities.

REA played a pivotal role in the development and deployment of the Expert Common Services (ECS), focusing on transitioning from the old systems, EMI and ABAC, to ECS and SUMMA. This transition involved meticulous planning to ensure that business continuity was maintained during system closures and that training was effectively delivered to clients and staff. It was challenging, but REA's preparations minimised disruptions. The transition to ECS for all types of experts was completed in July.

| 532 Calls planned | 21 080 Expert contracts signed | 13 711 Validation of experts legal entity and bank account files | 26 010 Payments to experts | 8.2 days Average time-to-pay |
| --- | --- | --- | --- | --- |

**REA's performance was in line with expectations, with all three main indicators (the time to validate, to contract and to pay experts) close to the target of 100%, despite several disruptions in the IT systems.**

REA supported 27 on-site evaluations for a total of 2 000 expert evaluators, as well as 1 000 interviewers invited for **EISMEA's** EIC Accelerator call in June. In addition to the on-site evaluations, REA supported 45 virtual evaluations and 288 meetings with almost 8 500 participants.

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([18]) To manage the peak in 2022, additional interim staff had to be recruited and the four-eyes principle for verifications was temporarily suspended.

# 2.  INTERNAL CONTROL AND FINANCIAL MANAGEMENT

Management monitors the functioning of the internal control systems on a continuous basis and carries out an objective assessment of their efficiency and effectiveness. In annex 7, there is a list and details of the reports that have been considered. The results of the above assessment are explicitly documented and reported to the Director.

This part of the report explains how the Agency delivered the achievements described in the previous part. First, it presents the control results and other relevant elements that support management's assurance. Then it provides a summary of observations and recommendations from the internal and external auditors. Finally, it assesses the effectiveness of the internal control systems before presenting conclusions on the assurance.

## 2.1.  Control results

Management uses control results to support its assurance and reach a conclusion about the cost-effectiveness of those controls, meaning whether the right balance between the following elements is achieved:

- Effectiveness The level of error found, based on the controls carried out.
- Efficiency The average time taken to inform or pay.
- Economy The proportionality between the cost of controls and the funds managed.

### 2.1.1. Overview of the budget and relevant control systems (RCS)

REA implements distinct Relevant Control System (RCS) for each different combination of budget management mode and grants or procurement. These RCSs are designed by the Commission. There are also RCSs for each of the corporate support services provided by REA.

*Figure 5 - Relevant Control Systems*
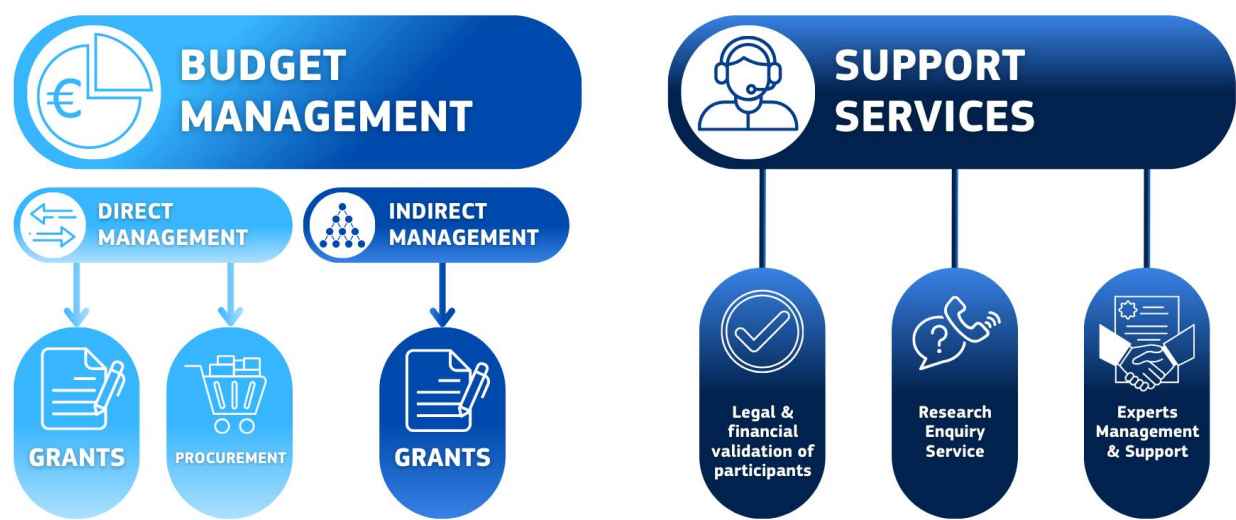


Annex 6 provides details of the types of controls in place for each RCS, the main risks and the control processes to mitigate them, and the indicators used to measure the RCSs' performance. Annex 5 describes how the Authorising Officer by Delegation (AOD), i.e. REA's Director, has defined the materiality threshold as a basis for determining whether significant weaknesses should be subject to a formal reservation to his declaration.

Certain control activities carried out in REA cannot be fully captured by quantitative indicators, while they significantly contribute to the overall benefits of the programme implementation or the corporate support services delivered to the Commission and other entities. These activities include process improvements, information and communication, dissemination and exploitation of the project results, etc.

In 2024, REA implemented an overall budget of EUR 3 441.15 million ([19]) consisting of an operational budget of EUR 3 329.24 million and an administrative (operating) budget of EUR 111.90 million.

*Figure 6. REA in figures in 2024*



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([19]) Total amount of payments made.

Table 2 presents a breakdown of expenditure segments by type of expenditure, management mode and programme. Further details are available in Annexes 3 and 9.

*Table 2 **REA's segments of payments***

| Expenditure mode | Expenditure type | Programme | m EUR | % |
|---|---|---|---|---|
| Direct management | Grants | HEU [20] | 2 658.05 | 77.24% |
| | | H2020 | 509.98 | 14.82% |
| | | RFCS | 31.94 | 0.93% |
| | | AGRIP | 42.87 | 1.25% |
| | Sub-total Grants | | 3 242.84 | 94.24% |
| | Procurement - contracts | HEU | 0.90 | 0.03% |
| | | AGRIP | 15.64 | 0.45% |
| | Expert management | | 67.67 | 1.97% |
| | Sub-total Procurement | | 72.33 | 2.45% |
| Indirect management [21] | Contribution agreements | HEU | 2.19 | 0.06% |
| Administrative budget | | | 111.90 | 3.25% |
| | TOTAL payments made | | 3 441.15 | 100% |

Considering that over 94% of the yearly expenditure is related to directly-managed research grants, that the R&I framework programmes' implementing bodies are sharing a common control strategy, including centralised ex-post audits (see annexes 5 and 7), and that the control systems for expenditure segments other than grants rely fully on ex-ante controls, the rest of this part of the report focuses on the control system for grants and the results of its ex-post controls.

The control environment for direct grant management in which REA operates is largely a corporate one. The results reported in the following sections are the outcome of controls designed primarily by the Common Implementation Centre (CIC) in charge of the business processes and the design of the control strategy for the R&I framework programmes. REA actively participates in governance structures put in place by the CIC and contributes to the development and continuous improvement of the common legal framework, business processes and IT tools.

Controls are cost-effective only when they fulfil the intended control objectives in an efficient manner and at a reasonable cost. To conclude on the cost-effectiveness of the controls, it is therefore necessary to assess their effectiveness, efficiency and economy.

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[20] Horizon Europe figures also include the budget of the Preparatory Action (Researchers at risk) and the contribution from the European regional development fund (ERDF) to Horizon Europe.
[21] At the end of 2022, REA took over from the Commission the management of several actions that were to be implemented with the OECD, EIB and other organisations using indirect management. This was made possible by a change in the *Internal Rules on the implementation of the general budget of the European Union*, which now allows agencies to manage funds indirectly.

## 2.1.2. Effectiveness of controls

The effectiveness of the control systems is demonstrated by:

- an assessment of control results per RCS in terms of error rates;
- an estimation of the overall risk at payment and risk at closure;
- results from preventive and corrective measures; and
- results from fraud prevention, detection and correction efforts.

The most pertinent results are the error rates detected by ex-post audits covering the main expenditure items (i.e. KPI4).

REA uses internal control processes to ensure sound management of risks relating to the legality and regularity of the underlying transactions it is responsible for. These control processes consider the multiannual character of programmes and the nature of the payments concerned.

The entities implementing R&I framework programmes operate common audit strategies to ensure the legality and regularity of expenditure over multiple years while also detecting and correcting non-systematic and systematic errors.

The Common Audit Service (CAS) of the CIC carries out all financial ex-post audits for Horizon 2020, Horizon Europe and RFCS, including those concerning grants managed by the executive agencies and the joint undertakings. This achieves greater efficiency, a harmonised approach, legal certainty, fair treatment of beneficiaries, and minimises audit burden on them [22].

The main indicators on legality and regularity [23] for the programmes delegated to REA are:

- The cumulative representative/detected error rate per expenditure segment, based on errors detected by ex-post audits. For H2020, it is based on a Common Representative Sample of cost claims across the R&I Family; and
- The cumulative residual error rate, which is the extrapolated level of error after corrective measures have been implemented by REA following the audits, accumulated on a multi-annual basis.

The targets set for the control system are, respectively:

- For Horizon 2020, to ensure that the cumulative residual error rate remains within a range of 2-5%, aiming to be as close as possible to 2%.
- For Horizon Europe, RFCS and AGRIP, to ensure that the cumulative detected and residual error rates do not exceed 2%.

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[22] The Horizon Europe Audit Strategy is risk-based and draws on lessons learnt from Horizon 2020. The AGRIP ex-post audit strategy is implemented by REA, as it falls outside the remit of the CAS.
[23] These indicators are described further in Annex 5.

Progress against these targets is assessed annually based on the results of the implementation of the ex-post audit strategies and considering the frequency and importance of the detected errors, together with cost-benefit considerations regarding the effort and resources needed to detect and correct the errors.

It should be noted that, due to its multi-annual nature, the effectiveness of the ex-post control strategies can only be measured and assessed fully in the final stages of each programme, once the ex-post audit strategies have been fully implemented and errors have been detected and corrected.

## a) Assessment of control results per RCS for expenditure

The results of the controls implemented are measured through ex-post audits and ex-post controls carried out on transactions of REA's operational expenditure, which in 2024 represent 96.73% ([24]) of the total relevant expenditure ([25]). Control results are detailed below for the programmes implemented in REA, i.e. grants and expert-related spending.

*Figure 7 - Error rates per budget activity*



**Estimated Risks (error rates) per Relevant Control System**
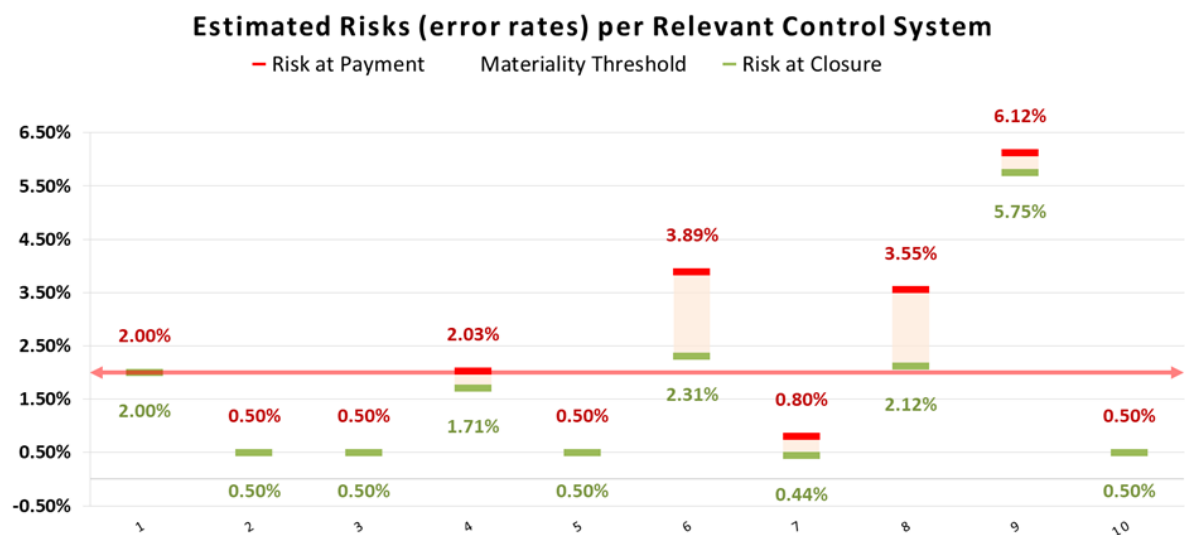— Risk at Payment    Materiality Threshold    — Risk at Closure

*Chart legend :1. Horizon Europe - Grants (direct management) ; 2. Horizon Europe - Grants (indirect management) ; 3. Horizon Europe – Procurements (direct management) ; 4. RFCS -Grants (direct management) ; 5. AGRIP – Procurements contracts (direct management) ; 6. AGRIP - Grants(direct management) ; 7.– MSCA H2020 -Grants (direct management); 8. H2020 EXCLUDING MSCA -Grants (direct management); 9. FP 7 - Capacities - SME actions -Grants (direct management); 10. Experts management - Procurement contracts (direct management).*

## Horizon 2020 Framework Programme

The Commission methodology for calculating the Horizon 2020 error rates is in line with the European Court of Auditors' (ECA) observations in their 2018 and 2019 Annual Reports

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([24]) Grants plus procurement plus indirect management.
([25]) The relevant expenditure is the total payments minus new prefinancing paid in 2024 plus prefinancing cleared in 2024, which differs from the total amount of payments made. Details on relevant expenditure are provided in Annex 9, table 9.1.

and is described in Annex 5. This methodology yields the following error rates for Horizon 2020 (exc. MSCA) ([26]) on 31 December 2024:

- Cumulative representative detected error rate: 3.55% ([27])
- Cumulative residual error rate for REA of 2.12%.

These audits provide an audit coverage of 51.87% (direct + indirect).

These figures relate to samples covering all R&I entities. In addition, REA uses the results of audits from a non-**representative** 'second-layer' audit strand focusing on participations in MSCA projects, as this programme part is characterised by a lower risk profile ([28]):

- MSCA detected error rate: 0.80%
- MSCA residual error rate: 0.44%

These audits provide an audit coverage of 78.86% (direct + indirect).

Detailed information about the ex-post audit work that provided the above results and about the state of play of the implementation of audit findings, including the extension of systematic errors, can be found in Annex 7.

These error rates are calculated based on the audit results available when drafting the present report. They should be treated with caution as they may change as additional audit results become available in future. Since research programmes are multi-annual, the error rates, and the residual error rate in particular, should be considered within a time perspective. Specifically, the cleaning effect of ex-post audits will tend over time to increase the gap between the cumulative representative/detected error rate and the cumulative residual error rate.

The relatively high level of errors in Horizon 2020 grants is linked to the applicable funding model, which is based on the reimbursement of eligible actual costs, with most of the errors relating to incorrect claims for personnel costs **that are mainly due to beneficiaries' lack of thorough understanding of the inherently complex rules**. There is evidence that the simplifications introduced in Horizon 2020 help in reducing the number of errors made by the beneficiaries, especially when compared to the Seventh Framework Programme. The yearly fluctuation of the detected error rate in H2020 exhibits no identifiable correlation with the maturity of the programme.

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([26]) The Horizon 2020 audit campaign started in 2016. At this stage, six Common Representative Samples with a total of 944 expected results have been selected. By the end of 2024, cost claims amounting to EUR 56.7 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 5 247 participations were finalised by 31/12/2024 (of which 540 in 2024).

([27]) By the end of Q4 2024, 81% of the 944 expected results for the Common Representative Sample in H2020 had been obtained.

([28]) See Annex 5 for more details.

In line with the Financial Statement (²⁹) accompanying the Commission's proposal for the Horizon 2020 regulation, a reservation is not necessary for the related expenditure if the cumulative residual error rate for the programme falls within the target range of 2-5%. By the end of 2024, REA's cumulative residual error rate for Horizon 2020 is within that range and close to 2%. In any case, the root causes of errors have been identified and targeted actions are being taken to address them.

Given the results of the audit campaign so far, and the observations made by the European Court of Auditors in its Annual Reports, the Commission has defined actions aimed at significantly simplifying the rules and paving the way for an important reduction of the error rate in Horizon Europe, such as the use of a Corporate Model Grant Agreement and a Corporate Annotated Grant Agreement. Other actions include the increased use of simplified forms of funding (lump sums and unit costs), communication campaigns focused on more 'error-prone' types of beneficiaries with higher-than-average error rates (such as SMEs and newcomers), and enhanced training to external audit firms performing audits on behalf of the Commission. Notwithstanding these efforts, beneficiaries still make errors. Focusing on the most common errors, these actions will achieve the biggest impact while remaining cost-effective (³⁰).

## Horizon Europe Framework Programme

No representative error rate for Horizon Europe is available in 2024 as the ex-post audit campaign was only launched in the second half of 2024, once a meaningful number of payments was available for audit. Consequently, without more precise elements allowing an assessment of the level of errors, and considering the simplifications introduced for Horizon Europe that aim to reduce error rates, a conservative residual error rate of 2% (³¹) is estimated for the purpose of the calculation of the amounts at risk.

## Research Fund for Coal and Steel (RFCS)

The RFCS programme was transferred to REA in 2021 and is implemented under a control system similar to Horizon programmes, with ex-post audits performed by the CAS under the RFCS ex-post audit strategy (2018-2024). Cumulative error rates for the 15 audits (36 participations) conducted by 31 December 2024 (³²) are:

- RFCS detected error rate: 2.03%

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(²⁹) "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%." (Legislative Financial Statement accompanying the Commission's proposal for the Horizon 2020 Regulation).
(³⁰) The CAS continues to analyse the root causes of errors and takes targeted actions to address weaknesses, with further information on the implementation of action plans to reduce error rates in Horizon 2020 and Horizon Europe available in Annex 7.
(³¹) These rate corresponds to the objective set for Horizon Europe.
(³²) No audits were closed in 2024.

- RFCS residual error rate: 1.71%

The total audit coverage is 18.78% (direct + indirect).

## Promotion of agricultural products (AGRIP)

Based on the results from 21 ex-post audits performed by the reporting date, REA estimates the following error rates:

- AGRIP detected error rate: 3.89%
- AGRIP residual error rate: 2.31%.

The total audit coverage is 41.2% (direct + indirect). A more nuanced and detailed description of the assurance implications of these rates is given in section 2.1.2.d.

For AGRIP procurement expenditure, based on all the available information and in the absence of results from ex-post controls, a conservative error rate of 0.5% is used to calculate the amounts at risk.

## Support services (expert management)

Amongst REA's corporate support services, only expert management includes spending; the central validation services are part of the Commission's corporate control system for budget implementation, supporting spending operations that remain under the control of the Commission's various AODs.

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 relatively low complexity in terms of financial management, the low value of the payments, and the short time limit to pay. The annual ex-post verification campaign did not detect systemic errors in the selected sample, nor any findings with financial impact. Therefore, REA retains a conservative estimated error rate of 0.5% for the purpose of the calculation of the amounts at risk.

## Other administrative expenditure

Considering the European Court of Auditors' clean opinion on REA's revenues and payments underlying the annual accounts in recent years, REA retains for this segment an error rate of 0.5%, as a conservative estimate.

## Indirect management

For expenditure under the indirect management mode, based on all the available information and in the absence of results from ex-post controls, a conservative error rate of 0.5% is used to calculate the amounts at risk.

### b) *Estimation of the overall risk at payment and risk at closure*

The estimated overall risk at payment for 2024 expenditure 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 2024 expenditure. The difference between those two results in the estimated overall risk at closure ([33]).

Based on all the above, REA presents in Table 3 an estimation of the risk at payment and risk at closure for the expenditure managed during the reporting year:

*Table 3 Estimated risk at payment and at closure*

| DG REA | Payments made | Relevant expenditure | Estimated risk (error rate %) at payment | | Estimated future corrections | | Estimated risk (error rate %) at closure | |
|---|---|---|---|---|---|---|---|---|
| | m EUR | m EUR | m EUR | % | m EUR | % | m EUR | % |
| | | | | | | | | |
| Horizon Europe - grants | 2 658.05 | 826.61 | 16.53 | 2.00% | 0.00 | 0.00% | 16.53 | 2.00% |
| Horizon Europe - grants (indirect management) | 2.19 | 0.41 | 0.00 | 0.50% | 0.00 | 0.00% | 0.00 | 0.50% |
| Horizon Europe - procurement | 0.90 | 0.90 | 0.00 | 0.50% | 0.00 | 0.00% | 0.00 | 0.50% |
| RFCS - grants | 31.94 | 42.87 | 0.87 | 2.03% | 0.14 | 0.32% | 0.73 | 1.71% |
| AGRIP - procurement | 15.64 | 15.64 | 0.08 | 0.50% | 0.00 | 0.00% | 0.08 | 0.50% |
| AGRIP - grants | 42.87 | 54.87 | 2.13 | 3.89% | 0.87 | 1.58% | 1.27 | 2.31% |
| H2020 MSCA - grants | 154.79 | 694.97 | 5.56 | 0.80% | 2.50 | 0.36% | 3.06 | 0.44% |
| H2020 excluding MSCA - grants | 355.19 | 1 366.90 | 48.52 | 3.55% | 19.55 | 1.43% | 28.98 | 2.12% |
| Expert management - procurement | 67.67 | 67.67 | 0.34 | 0.50% | 0.00 | 0.00% | 0.34 | 0.50% |
| Sub-total | 3 329.24 | 3 070.85 | 74.05 | 2.41% | 23.05 | 0.75% | 50.99 | 1.66% |
| Operating budget | 111.90 | 111.90 | 0.56 | 0.50% | 0.00 | 0.00% | 0.56 | 0.50% |
| Total EA (operational + operating) | 3 441.15 | 3 182.75 | 74.61 | 2.34% | 23.05 | 0.72% | 51.55 | 1.62% |

A more detailed version of the table is provided in Annex 9.

The estimated overall risk at payment for 2024 expenditure is EUR 74.61 million, representing 2.34% of REA's total relevant expenditure for 2024. This is the AOD's best, conservative estimate of the amount of relevant expenditure during the year not in compliance with the contractual and regulatory provisions applicable at the time the payments were made. This expenditure will subsequently be subject to ex-post controls,

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[33] This is the AOD's best, conservative estimation of the expenditure authorised during the year that would remain not compliant with applicable regulatory and contractual provisions by the end of implementation of the programme.

and a proportion of the underlying errors will be detected and corrected in subsequent years. The conservatively <u>estimated future corrections</u> for 2024 expenditure amount to EUR 23.05 million. The difference between those two amounts results in an <u>estimated overall risk at closure</u> ([34]) of EUR 51.55 million, representing 1.62% of REA's total relevant expenditure for 2024.

*Figure 8 - Evolution of overall risks at payment and closure 2021-2024*



**Evolution of overall risks at payment and closure for the period 2021-2024**

— Risk at Payment    Materiality Threshold    — Risk at Closure
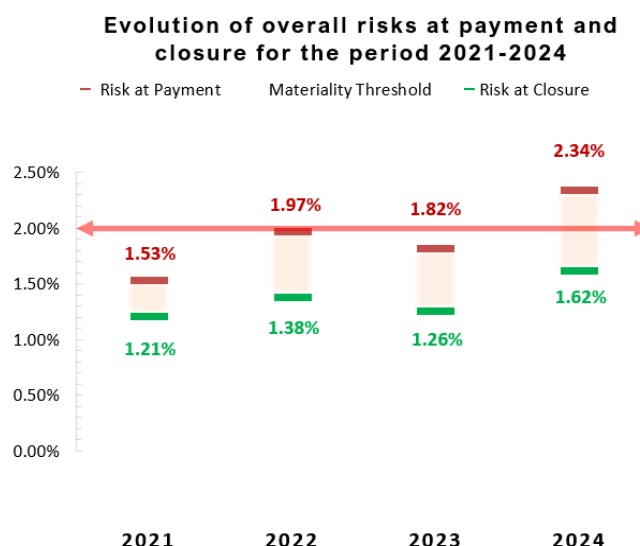
There is a slightly increasing trend since 2021 (i.e. the beginning of the current Multiannual Financial Framework) mainly due to a change in the **composition of REA's** relevant expenditure. Over time, the proportion of relevant expenditure from the MSCA H2020 programme, which has historically maintained a low error rate, has decreased, while the proportion from the Horizon Europe programme increased significantly in 2024. In the absence of audit results for Horizon Europe, a likely overestimated error rate of 2% is used for that significant part of relevant expenditure, which in turn increases the amounts at risk and the overall error rates in 2024 (see table 3) compared to previous years.

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.


### c) *Quantitative benefits of controls: Preventive and corrective measures*

With its ex-ante and ex-post controls, REA has an effective mechanism in place for detecting and correcting errors, reaching in total EUR 24.12 million of corrections for 2024. Ex-ante controls resulted in EUR 16.3 million and ex-post controls resulted in EUR 7.83 million. Please see details in annex 3 table 8.

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([34]) This is the AOD's best, conservative estimate of the expenditure authorised during the year that would remain not in conformity of applicable regulatory and contractual provisions <u>by the end of the implementation of the programmes.</u>

This is a significant increase compared to 2023 (EUR 6.3 million and EUR 3.83 million respectively) which is mostly explained by the fact that more results of ex-post audits were implemented than in 2023. There were also 40% more final H2020 payments in 2024, and most ex-ante corrections happen at that stage.

## d) *Fraud: prevention, detection, and correction*

REA has developed and implemented its own anti-fraud strategy since 2013, based on the methodology provided by OLAF. It is updated every 3 years and was last updated in December 2023 following a fraud risk assessment. Its implementation is being monitored and reported to REA's management and to the Commission through quarterly reports. Full implementation of all the actions in the new strategy is expected for 2026.

REA received 30 OLAF financial recommendations during the period 2020-2024 of which:

- Nine fully implemented (90% or more of recommended amount recovered);
- Four partially implemented (less than 90 % of recommended amount recovered because the RAO established lower amounts to recover);
- Decided not to follow two because the RAO could not establish any breach of law on the basis of the OLAF findings;
- In one case, after exhausting all means to enforce the recovery order, it was waived.

The implementation of 14 OLAF financial recommendations remains ongoing.

Regarding the follow-up of the OLAF administrative and financial recommendations, during 2024, REA received five OLAF reports with financial recommendations to recover EUR 8m. So far, EUR 143 814 have been prevented from being paid or recovered and the implementation to recover the remaining amount is in progress. Details about the implementation of OLAF recommendations during the period 2014-2024 are available in annex 7, table 7.7.

On the basis of the available information, REA has reasonable assurance that the anti-fraud measures in place are effective overall. However, additional measures will be taken (see below) to address the high level of known irregularities remaining in the multi-beneficiary grants part of the *Promotion of agricultural products programme (AGRIP)*.

The issues causing this high level of known irregularities, which led to a reputational reservation last year and which are specifically related to a lack of transparency, equal treatment and/or best value, including on disclosed conflicts of interest in the way that subcontracting for a very large part of the grant budget has been awarded to implementing bodies, were promptly addressed. Key actions taken by REA in 2024 include:

- The AGRIP control strategy was revised and is being implemented as intended.; REA strengthened controls on a portfolio of problematic projects and a clear approach has been established to address possible findings from the European Anti-Fraud Office (OLAF).
- REA stepped up preventive controls (focused guidance at information days, increased scrutiny during the Grant Agreement Preparation...) to avoid reoccurrence of the same issue in future projects as much as possible.
- REA sought legal advice on how to sanction cases of conflict of interest between the grant beneficiaries and the implementing bodies delivering subcontracted services for a very large share of the grant budget, in accordance with the dispositions laid out in the grant agreement.
- No payments were made in 2024 to the projects under investigation.

With these efforts, REA has taken the necessary actions to contain these problems. However, there is increasing evidence that the financial risks already flagged in 2023 have materialised and affect a substantial proportion of past AGRIP grants.

As shown in section 2.1.2.a and table 3, the findings from 21 ex-post audits undertaken by REA from a risk-based or high-value beneficiaries sample so far on this programme have resulted in a detected error rate of 3.89%. Most audits have identified low or no errors, while only two have identified serious problems, similar in nature to those discovered in OLAF investigations.

A more precise estimate of the error rate will become possible over time as more audit results become available.

At the reporting date, the detected and residual error rates for the AGRIP grants expenditure segment are above the materiality threshold of 2%. A financial reservation would normally be required for the AGRIP Grants expenditure segment. However, quantified reservations related to residual error rates above the 2% materiality threshold are deemed **not substantial for segments representing less than 5% of an Agency's total payments and with a financial impact below EUR 5 million**. In such cases, quantified reservations are no longer needed.

On the other hand, there are 43 grants under investigation by OLAF (around 23% of all AGRIP grants), concentrated in three Member States. The amount of payments charged to the 2024 budget is reduced due to the suspension of some of these projects under OLAF investigation. Although in many Member States the implementation is not problematic, in a few Member States, the implementation deserves very close monitoring. The first results from these investigations indicate very high error rates and recommendations to reject all subcontracting costs (90% of the grant amounts). These results have not been included in the calculation of the error rates in table 3, which means the error rates are therefore underestimating the risk exposure at payment.

No payments were made in 2024 for the relevant grants, and REA will implement recoveries, grant reductions and grant terminations in accordance with the evidence

provided by OLAF and the provisions of the Model Grant Agreement. Each case will be followed up and the errors or irregularities will be corrected.

In sum, all the information available to date indicates that the level of uncorrected errors in past grants remains unacceptably high and is likely to increase as more audit results are known. It is for this reason that the reputational reservation entered last year for the AGRIP grants expenditure segment is maintained.

Further mitigating measures are envisaged:

- the ex-post audit strategy for the AGRIP programme needs to be intensified to take full account of the identified risks and a residual error rate that is above the materiality criteria (2%).
- REA is discussing with the Commission the overall contractual framework for grant agreements to consider the specificities of the AGRIP programme (high level of subcontracting). In cases where services were of satisfactory quality and/or followed normal market conditions, the implementation of appropriate sanctions, either through exclusion of non-eligible expenditure or grant reduction, needs to be carefully considered.
- requirements for transparent procurement procedures will be strengthened for future calls for proposals (e.g. to publish the procedures in public websites frequented by potential bidders).

## 2.1.3. Efficiency of controls

The overall efficiency of REA's operations in 2024 is demonstrated through a series of indicators. The main one is time-to-pay, for which REA's result reached 100% in 2024.

*Figure 9 - Timely payments indicator for operational budget*

| Timely Payments | REA Score | EC Score |
|---|---|---|
|  | 100% | 99% |
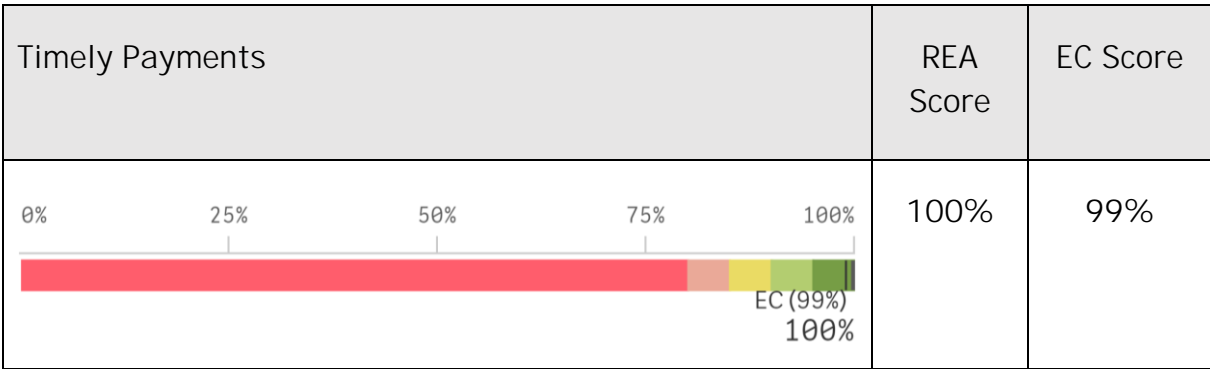
In 2024, REA continued to ensure efficient processing of payments within the legal deadlines through regular and close monitoring. REA made 31 267 payments totalling EUR 3.33 billion. 2 031 pre-financing payments and 3 226 interim / final payments were made for grants and procurements. REA managed 26 010 payments to experts, of which 99.7% were paid on time, in 8.2 days on average.

*Figure 10 - Summary of the efficiency indicators*



| Direct grant management | • Time-to-inform <153 days: | 99.9% |
| | • Average Time-to-grant: | 211 days |
| | • Time-to-grant (Share of grants signed on time): | 97.5% |
| | • Audit findings (closed projects) implemented within 6 months | 89.1% |
| Validation of participants and Research Enquiry Service (RES) | • % of Time-to-validate (<25 days): | 97.1% |
| | • RES Time-to-reply (<15 days): | 97% |
| Expert management | • % of expert profiles validated on time (<25 days): | 99.7% |
| | • % of Time-to-contract (<10 days): | 96.5% |
| | • % of Time-to-pay (<30 days): | 99.7% |

Figure 10 shows results for the other control efficiency indicators. REA reports satisfactory performance in all of them.

## 2.1.4. Economy of controls

This section assesses the costs of the internal control system in accordance with the Commission central services' guidance ([35]). The controls assessed can be divided into three main categories:

Economy of administrative and logistical support services provided by REA

The support services provided by REA (see section 1.4) contribute to the control systems of all the organisations to whom these services are provided. The significant costs incurred for the participant validation are considered control costs for the whole of the European Commission's direct management. The costs of proposal evaluation support and expert management are part of the controls of all Research and Innovation services ([36]).

In 2024, the costs of participant validation amounted to EUR 12.35 million ([37]). The support provided for proposal evaluation and expert management cost EUR 74.92 million in 2024 (EUR 66.08 million in 2023): EUR 61.79 million to pay evaluation experts, EUR 5.61 million to cover logistical costs for the evaluation facility, and EUR 7.52 million for REA staff costs (the latter two are charged to REA's operating/administrative budget). These costs represent

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([35]) Guidance on the estimation, assessment and reporting on the cost-effectiveness of controls, September 2018.
([36]) Excluding ERCEA, which contracts and manages its own experts and proposal evaluation.
([37]) The costs of the participant validation service, financed under REA's administrative budget, contribute to the Commission's overall control system and are consequently not calculated as a percentage but presented in absolute figures.

0.85% of the total Horizon 2020 and Horizon Europe grant payments in 2024 for all Research and Innovation services ([38]).

Economy of services provided by the Common Implementation Centre (DG RTD)

In addition to the costs above, an important part of the controls for the programmes implemented by REA is delivered by the Common Implementation Centre on behalf of the Research and Innovation family, mainly in the form of ex-post audits and ex-ante controls through a common design of business processes and IT systems. Details of the estimated cost of these controls are reported in the annual activity report of DG RTD.

Economy of direct grant management controls

The cost of controls in direct grant management is calculated by adding the costs of the ex-ante and ex-post control stages and dividing by the total amount paid in the year for grants.

The overall cost of the controls in grant management, detailed in Annex 7, is estimated at EUR 83.50 million, equivalent to **2.56% of REA's total grant payments in 2024 (2.53% in 2023)**.

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

Based on the most relevant key indicators and control results reported above, REA 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.

As demonstrated in the previous sections, the control strategy applied is well suited to fulfilling the relevant control objectives efficiently and at a reasonable cost, and there is an adequate balance between low error rates, fast payments and acceptable costs of controls. The control environment and control strategies remained stable during the reporting year.

## 2.2. Audit observations and recommendations

This section sets out briefly the state of play for all audit observations and recommendations reported by auditors related to internal control and financial management – including the limited conclusion of the Internal Auditor on the state of internal control. Further details for IAS and ECA audits can be found in Annex 8.

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([38]) Excluding ERCEA payments.

## Internal Audit Service (IAS)

In its contribution to the 2024 Annual Activity Report process, the Internal Audit Service concluded that the internal control systems in place for the audited processes are effective.

There have been no new critical or very important recommendations addressed to REA in 2024.

*Table 4 Audits by the Internal Audit Service*

| Reported | Audit Title | Accepted Recommendation | State of play in 2024 | Impact on the assurance for 2024 |
|---|---|---|---|---|
| 2023 | IAS review of the Commission's risk at payment - (IAS.B4-2023-Y COMM-001) | No. 4 (Very important) | ✅ | ✅ |

✅    Action plan implemented and closed by IAS or ECA / No impact on the assurance

## European Court of Auditors (ECA)

*Table 5 Audits by the European Court of Auditors*

| Reported | Audit Title | Accepted Recommendation | State of play in 2024 | Impact on the assurance for 2024 |
|---|---|---|---|---|
| 2023 | Statement of Assurance (DAS) | None | ✅ | ✅ |

✅    Action plan implemented and closed by IAS or ECA / No impact on the assurance

In 2024 ECA conducted a comprehensive audit on the reliability of REA's accounts and its accounting quality environment and raised no issues for 2023. Furthermore, there are no outstanding observations from ECA' audits from prior years. Following its audit of the 2023 administrative accounts, the ECA has expressed a clean opinion in its report on the annual accounts of the Executive Agencies for the financial year 2023.

Out of 27 financial audits planned by ECA relating to the programme parts delegated to REA, the Agency had received Clearing Letters on eight audits by the end of 2024, of which four had no specific comments, three had findings on personnel costs, and one identified an error in other direct costs.

REA is in the scope of two ongoing ECA special audits: one on the transparency of EU funding to non-governmental organisations (NGOs) where REA has been providing insights on the current role of the Common Validation Service in identifying NGOs, and an audit on the effectiveness of Horizon 2020 in fostering European industrial leadership.

## 2.3. Assessment of the effectiveness of internal control systems

The Commission and the Executive Agencies have adopted an Internal Control Framework based on the highest international standards ([39]).

REA has adapted the Internal Control Framework to its specific characteristics and organisational structure. The internal control systems are suited to achieving its policy and internal control objectives in accordance with the internal control principles, having due regard to the risks associated with the environment in which it operates.

REA has assessed its internal control system during the reporting year and has concluded that it is effective and its components and principles are present and functioning well overall.

## 2.4. Conclusions on the assurance

The information in Part 2 of this report results from monitoring by management, based on a systematic analysis of the available evidence. This evidence fully supports the Declaration of Assurance with respect to the use of resources for their intended purpose, 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 about the controls in place, covering the totality of the budget executed by REA.

Most expenditure segments are affected by error rates at closure below 2%, or close to 2% in the case of non-MSCA H2020, and therefore no financial reservations are needed for them. The error rate at closure for non-MSCA H2020 expenditure is within the tolerable materiality margins described in annex 5, and the supporting information available (see annex 7) does not indicate that a reservation is needed.

The exception is the expenditure for AGRIP 2021-2027, which is affected by the high level of known irregularities in the multi-beneficiary grants part of the programme described in section 2.1.2.d and annex 9.B.1.

*Table 6. Reservations - recapitulative table*

| Reservation Title | Financial Impact (amount at risk at closure in m EUR) | | Residual error rate 2024 | Evolution |
|---|---|---|---|---|
| | 2023 | 2024 | | |
| High level of known irregularities in the multi-beneficiary grants part of the AGRIP programme | 0.85 | 1.27 | 2.31% | Maintained (reputational reservation) |

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([39]) The Committee of Sponsoring Organizations of the Treadway Commission Internal Control Integrated Framework, the gold standard for internal control systems.

In conclusion, based on the elements reported above, 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, has signed the Declaration of Assurance, albeit qualified by a reputational reservation concerning the high level of known irregularities in the multi-beneficiary grants part of the AGRIP programme.

# Declaration of Assurance and reservations

*I, the undersigned,*

*Director of the European 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* [40]*.*

*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 European Research Executive Agency or those of the European Commission.*

*However, the following reservations should be noted:*

- *Reputational reservation due to the high level of known irregularities in the multi-beneficiary grants part of the Promotion of agricultural products programme (AGRIP).*

*More details are provided in annex 9.*

*Brussels, 31 March 2025*

*e-signed*

*Marc Tachelet*

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[40] True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.

# 3.  MODERNISING THE ADMINISTRATION

This section highlights REA's efforts in 2024 to become an even more modern and efficient administration. REA focused on increased coordination with other executive agencies and DGs to achieve further efficiency gains on all areas covered in this report.

Details on outputs and administrative activity indicators are in Annex 10.

## 3.1.  Human resource management

REA continued to implement key actions from the inter-agency Human Resources strategy in close cooperation with the other Executive Agencies. The Agency took a leading role in 11 inter-agency actions such as the harmonisation of selection and recruitment processes, stronger coordination of career guidance, and the implementation of a new approach for harassment prevention. REA also successfully completed several agency-specific actions aimed at attracting top talent, retaining staff, and promoting high staff engagement levels.

Despite facing challenges in its selection and recruitment procedures due to a drastic reduction in the frequence of CAST pre-selections, REA managed to conclude over 80% of the recruitments defined in its annual plan. As of the end of 2024, the Agency had 917 statutory staff members in place. During the reporting period, the staff allocation increased from 915 to 971 positions, primarily due to association of new third countries to Horizon Europe. The recruitment for the 56 additional positions has progressed significantly, with most positions expected to be filled in the first quarter of 2025.

REA worked closely with the Commission and coordinated with the other five executive agencies to prepare the implementation of new HR modules stemming from the HR Modernisation and Digital Transformation (HRT) Programme.

Following the release of staff survey results in March, which showed high staff engagement (74%; EC average: 73%), REA collected contributions from staff, management, and the Staff Committee for a follow-up action plan. The actions focused on improving areas that received lower scores in the survey: learning and development, professional future, inclusion and fairness, and feedback and recognition.

REA continued to promote an ethical culture within the Agency by offering guidance to staff at all levels, and by delivering ethics training to enhance awareness of ethical behaviour. The Agency also continued to promote a diverse and inclusive workplace, and our efforts were recognised with one of the Commission's Diversity and Inclusion Awards in 2024.

A new internal communication strategy was launched in 2024 to support all the efforts above. REA uses a wide variety of tools and channels to facilitate collaboration, disseminate important information and enhance staff engagement.

## 3.2.  Digital transformation and information management

In 2024, REA continued to advance its digital transformation efforts in line with the Commission's Digital Strategy, with a focus on the following objectives:

#1 - Digital Culture: Building on the successful integration of M365 and SharePoint in 2023, REA maintained its high degree of M365 adoption through training sessions, workshops for managers and unit-specific workshops.

#3 – Business-driven Digital Transformation: REA made significant progress with implementing various dashboards and reporting solutions to enhance the efficiency and effectiveness of its operations.

#4 – Seamless Digital Landscape: REA continued to apply DIGIT's *Re-Use Before Buy, Before Build* core principle by using the authentication and reporting solutions provided by the Commission. In 2024, the Budget Forecast module of OMEGA, developed in-house, became a stand-alone application and other agencies also started using it. Furthermore, the Dynamic Attendance Registration tool was deployed into production. The development of a new application, FinDat, was launched to automate participants' financial assessments.

REA maintained an excellent IT Security position, as confirmed by the Commission's IT Security Risk Report for 2024. The Agency is fully aligned with the objective of managing secure access control and has achieved 96% IT Security compliance for its IT systems.

Data governance principles are embedded in the design and the governance of the IT systems used in the Agency. REA benefits from the principles applied at corporate level, particularly those related to eGrants. In 2024, REA participated in the efforts coordinated by DG RTD to strengthen the data governance framework, with adoption of a new framework foreseen in early 2025. It also explored the challenges and opportunities that artificial intelligence brought to participants in R&I programmes and REA staff. The Agency also raised staff awareness of its data retention policy.

REA conducted extensive awareness-raising activities on data protection procedures, templates, and compliance requirements. The Agency emphasised the importance of (i) maintaining and updating regularly the inventory of data protection records, and (ii) managing and reporting data breaches, data subject requests' and international transfers of personal data. The REA Data Protection Officer provided guidance on Data Protection Notices for the Agency's various records, posting on social media, handling lost IT equipment, and managing requests to transfer personal data involving public authorities, other EU bodies, and third parties within the EU/EEA and in third countries.

## 3.3.  Sound environmental management

In line with the corporate pledge signed in 2022, REA continued to closely monitor and reduce its carbon footprint. Specifically, the Agency kept a close eye on the CO2 emissions generated by staff business trips and the management of experts. By the end of 2024, REA achieved

its target of cutting emissions by 50% for both staff and experts' travels ([41]), compared to 2019.

For the fourth consecutive year, REA was among the winners of the *Sustainable events and conferences* competition organised by the Commission. REA's winning project -'Horizon Europe Cluster 6 Information Days'- was recognised in the category 'external larger and more complex events' and received a special mention for its 'Less is More' approach.

As part of its commitment to sustainability, REA was sampled for the 2024 EMAS (Eco-Management and Audit Scheme) external verification exercise. The final report confirmed the Agency's compliance with all expectations, including a special mention for the leadership role of REA's senior management.

REA's EMAS team raised awareness about sustainable commuting by encouraging staff to participate in the Velo Mai cycling initiative and its many activities. The team also hosted an award ceremony to recognise the efforts of staff members who promoted sustainable commuting.

REA joined forces with the other five executive agencies to plan, organise, and implement the "Green Week 2024 ([42])". This was the first time that all three buildings hosting executive agencies were involved in the event. The gREAn team played a pivotal role in making this event a success, demonstrating the agency's commitment to sustainability and collaboration.

## 3.4. Examples of economy and efficiency

The cost-benefit analysis that was conducted to support the delegation of the management of activities to executive agencies ([43]) calculates the number of staff allocated to REA for 2021-2027 based on targets for efficiency gains through economies of scale of 26% on average. REA is striving to achieve efficiency gains to optimise its operations and maximise its performance and has put in place a system to record the many initiatives and activities that take place across the Agency.

Other notable examples of economy and efficiency in 2024 include:

- ORBIS Pilot Project to address the risk of late discovery of beneficiary bankruptcies, which can hinder debt recovery and harm EU financial interests. This project involves verifying bankruptcies of all private entities involved in REA grants using the ORBIS database managed by Moody's Analytics.
- A simplified procedure for waivers was introduced, reducing the description of the history of the case by focusing on debt recovery efforts only. This revised process reduces the workload required to prepare a waiver file, aiding compliance with the debtors' strategy timelines.

([41]) Excluding AGRIP missions; see annex 10 for details.
([42]) The 'EA Green Week' is a yearly event organised by the six executive agencies. First launched in 2023, it offers a variety of awareness-raising events/seminars on environmental/sustainability topics, in line with the yearly EMAS campaigns.
([43]) Staff Working Document SWD(2021)20 accompanying the Communication to the Commission C(2021) 946 of 12 February 2021.

- The DANTE tool for eligibility and admissibility checks allowed improving record-keeping, workflow efficiency, and data security of the proposal evaluation process.
- Significant changes were made to enhance efficiency of the COFUND calls, including shortening the duration of consensus meetings and reducing the number of expert evaluators per proposal. These changes contributed to more efficient meetings and cost savings.
- Pilot for automated checks for lump sum proposals, assisting evaluators in assessing budgets. This pre-analysis helped pinpoint key budget items requiring further attention.
- Pilot for a 'hybrid' evaluation for Teaming calls, which combined the strengths of the remote and on-site evaluations, involving remote individual evaluations followed by an on-site consensus phase and again remote cross-reading and panel phase. A survey of evaluators showed strong support for on-site consensus meetings, suggesting potential future implementation for complex calls.
- Pilot for a simplified ex-ante control strategy for payments, which rationalises financial checks and reduces the number of reporting periods, thereby helping manage workload. An assessment of this strategy's efficiency will be conducted by mid-2025.