



# Annual Activity Report 2020 INEA

## FOREWORD

# 2020

It was a year like no other, full of challenges that put INEA to the test. The COVID-19 crisis forced us to operate in what previously would have been considered an unimaginable way. Overnight, we had to work from home, to go totally paperless, and to organise full remote evaluations and on-line events. In addition, our beneficiaries faced a number of obstacles affecting the implementation of their actions.



Despite all of this, the Agency demonstrated resilience and flexibility and became an even more performant organisation. We quickly redesigned our working methods and turned challenges into opportunities using the on-line environment to the maximum. We stayed close to our beneficiaries and provided them with additional support. This was all possible due to the dedication of the Agency's staff and I would like to thank them for their daily commitment as well as our parent DGs and beneficiaries for their continuous trust.

The year was also marked by two milestones – the closure of the Marco Polo II legacy programme and the integration of the Innovation Fund into our portfolio.

The announcement of the portfolios for executive agencies reconfirmed INEA's reputation as a trusted partner, recognising the Agency's long experience in results-based programme management. Under the new Multi-annual Financial Framework 2021-2027, INEA will become the European Climate, Infrastructure and Environment Executive Agency (CINEA), with a key role in working towards the achievement of the European Green Deal objective. In 2020, INEA put great efforts into preparing for this new mandate, in particular for the expansion of the Agency's budget, programmes and staff.

***Our past prepared us for an exciting future!***

I am very proud of INEA's accomplishments so far and confident that the Agency will continue to have an instrumental role in implementing projects - for the future in the fields of climate action, environment, biodiversity, clean energy, research and innovation as well as sustainable networks and investments.

Looking ahead, I see many opportunities for us to continue to deliver high quality services to our stakeholders - contributing to the further development of a resource-efficient and competitive EU economy.

***Dirk Beckers, Director of INEA***

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## INEA IN BRIEF

The **Innovation and Networks Executive Agency (INEA)** started its activities on 01 January 2014. The Agency has its own legal personality and operating budget for which the Director acts as Authorising Officer by delegation. He has overall responsibility for implementing INEA's revenue and expenditure in accordance with the principles of sound financial management as defined in the Financial Regulation applicable to the general budget of the Union.

The Commission has entrusted INEA with the execution of the operational budget in relation to the implementation of the following delegated programmes:

- Horizon 2020 (H2020), which is the EU's biggest programme for research and innovation. INEA manages parts of the programme related to transport and energy aiming at achieving "smart, green and integrated transport" and "secure, clean and efficient energy".
- Connecting Europe Facility (CEF) that is a key EU instrument supporting high-performing, sustainable and interconnected trans-European networks in the fields of transport, energy and telecommunications.
- The Innovation Fund (IF), which is the world's largest funding programme investing in breakthrough technologies aiming to bring to the market solutions to decarbonize Europe.

The Agency is structured in three departments and is based in Brussels. At the end of 2020 INEA had a multi-national team of 312 staff.

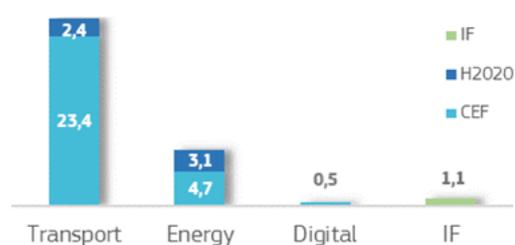
### MISSION

INEA supports its stakeholders by providing high level management of infrastructure, research and innovation programmes in the fields of transport, energy and telecommunications in order to benefit economic growth and EU citizens.

### PROGRAMMES&BUDGET



INEA indicative budget 2014 - 2020  
€35,2 billion



### Parent DGs - DG MOVE, DG ENER, DG CNECT, DG RTD, DG CLIMA

Parent DGs define the objectives and priorities of the programmes and, through the Steering Committee, are responsible for supervising and steering the Agency's activities.

### RESPONSIBILITIES

- Manage the implementation of the project portfolios under its delegated programmes;
- Provide support to potential applicants and project promoters;
- Enhance the visibility of the funding provided through different communication channels;
- Provide valuable feedback to policy making;
- Cooperate and exchange knowledge with different stakeholders.

## EXECUTIVE SUMMARY

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

### A. Implementation of the Agency's 2020 Annual Work programme - highlights of the year (executive summary of section 1)

As illustrated further down this document, the results from the sound and cost-efficient management of the Agency's portfolio of projects contributed to the implementation of the policies and specific objectives of INEA's parent DGs as well as to the attaining of the general objectives of the European Commission such as the European Green Deal and the Europe fit for the digital age.



INEA signed all grant agreements under CEF Transport 2019 MAP call, which made available more than **€2 billion of EU funding**, stemming from reflows (funds not used by previous actions). **By reusing those amounts INEA maximised the use of EU funds** and provided support to key transport infrastructure projects. From the outset of the COVID-19 crisis, INEA developed measures to support its beneficiaries and to ensure a continued smooth management of the CEF Transport project portfolio, inter alia by publishing dedicated communication and by increasing the pre-financing rate for the 2019 CEF Transport MAP call. INEA provided **regular input and support to DG MOVE** in numerous performance audits by the European Court of Auditors. In addition, the Agency assisted the parent DG in the preparation of CEF2 and the revision of the TEN-T guidelines.

Following the closure of the 2020 call for proposals, **the largest CEF Energy grant ever awarded (nearly €720 million)** was dedicated for completing the synchronisation of the Baltic States' electricity grid with the continental European network. Despite the COVID-19 crisis, INEA maintained the enhanced communication with its beneficiaries and offered

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

additional support for the reporting process. Dialogue with stakeholders started with some on site physical visits and then continued with virtual participation at several online events among which the Energy Infrastructure Forum. In parallel, the Agency improved the Transparency Platform and contributed to the preparation of CEF 2 Energy.

Record number of proposals were received for the CEF Telecom 2020-2 call and more than 3,000 applications were submitted in the first five seconds of the opening of the 4<sup>th</sup> WiFi4EU call. Despite pressing terms and the unexpected pandemic outbreak, the Agency successfully managed all evaluations and signed grant agreements for the finalised calls. Support to project promoters was provided during several info days and live webinars as well as through a dedicated communication to CEF DSI beneficiaries with guidance on reporting requirements and eligibility of costs. Significant effort was dedicated to increasing the visibility of the programme as well as to contributing to the design of CEF2 Digital.

Virtual events were the norm for assisting beneficiaries and potential programme candidates. In some cases, this turned into an opportunity to reach even wider audience evidenced by the record registration for some of the info events.

For H2020, all calls for both sectors – Transport and Energy, registered record high interest evidenced by the significant rise of proposals received compared to a year ago. This created a challenge for the Agency to manage an increased workload, which was overcome

### Marco Polo II Legacy

An important milestone during this reporting period was the successful closure of the Marco Polo II legacy programme which provided more than €131 million co-funding to 168 actions in support of their efforts to shift cargo from the roads to other more environmental-friendly transport modes.

by temporarily mobilizing additional resources and careful planning of the (remote) evaluation process. In September, the Green Deal call was launched with topics for both Energy and Transport. The year ended with a portfolio of more than 600 projects. Overall, the monitoring of the portfolio for both sectors showed that the implementation was on track with occasional delays resulting from the COVID-19 crisis. INEA organized a series of review meetings in order to discuss with consortia the risks linked to the implementation and to make the necessary recommendations. In addition, the Agency conveyed a series of thematic workshops giving the opportunity to project promoters to share best practices and provide direct feedback to EC policy makers. Input to policy was complemented by the interactions of INEA's project officers with their counterparts in the parent DGs and their participation in the dissemination and exploitation network of the Research and Innovation

family DGs. Furthermore, promotion of the programme funding was ensured by dedicated publications and presence at various events, among which the EU Research & Innovation days and the EU Hydrogen Week.

Since June, INEA incorporated the management of the Innovation Fund into its programme portfolio. Two calls for proposals were launched during the second half of the year, and visibility and wide promotion of the programme were ensured by INEA in cooperation with DG CLIMA. The programme has induced a strong interest among the stakeholders evidenced by more than 300 applications received for the first call for large-scale projects. The success of the first call and the innovative features of the programme made the organization of the evaluation more challenging. Nevertheless, INEA managed to start the process on time by maximizing the use of its internal resources, assisted by DG CLIMA .

INEA continued to identify potential synergies between its projects and programmes supporting beneficiaries to benefit from each other's experience through sharing their achievements and lessons learnt. INEA's communication and dissemination activities addressed further this topic by publishing a dedicated synergy brochure promoting successful projects that benefited from more than one funding source. Moreover, the Agency hosted a workshop on drones which revealed the potential of fostering synergies in this sector.

As of the announcement of the future portfolios of executive agencies, INEA has been making steady progress in cooperation with its parent DGs and EASME to prepare the Agency for its future mandate. A Task Force, a roadmap of actions and a Change Management Strategy were established. The latter was drafted with input from staff and aims to provide the framework for the transition as well as to describe the future Agency's vision.

One of the biggest challenges of the process, along with the management of an expanded portfolio, will be the welcoming of more than 150 new colleagues from the EASME agency. Numerous actions were undertaken towards

shaping the new organisation around the principles of enhanced cooperation and great team spirit. Examples are the series of pulse surveys and two general assemblies targeted to all staff of the new Agency. In addition, INEA created a dedicated internal webpage and a functional mailbox for staff queries and provided personnel with regular updates on the transition through an improved internal communication flow.

In parallel, a working group was created to prepare the hand-over of portfolio<sup>2</sup> from EASME to INEA. Further work is done on the handover of INEA's CEF ICT portfolio to the future Health and Digital Executive Agency (HaD EA). Finally, with the decision for INEA to become the European Climate, Infrastructure and Environment Executive Agency, a Green Team was established to draft and implement a roadmap to make the future Agency a carbon neutral workplace.



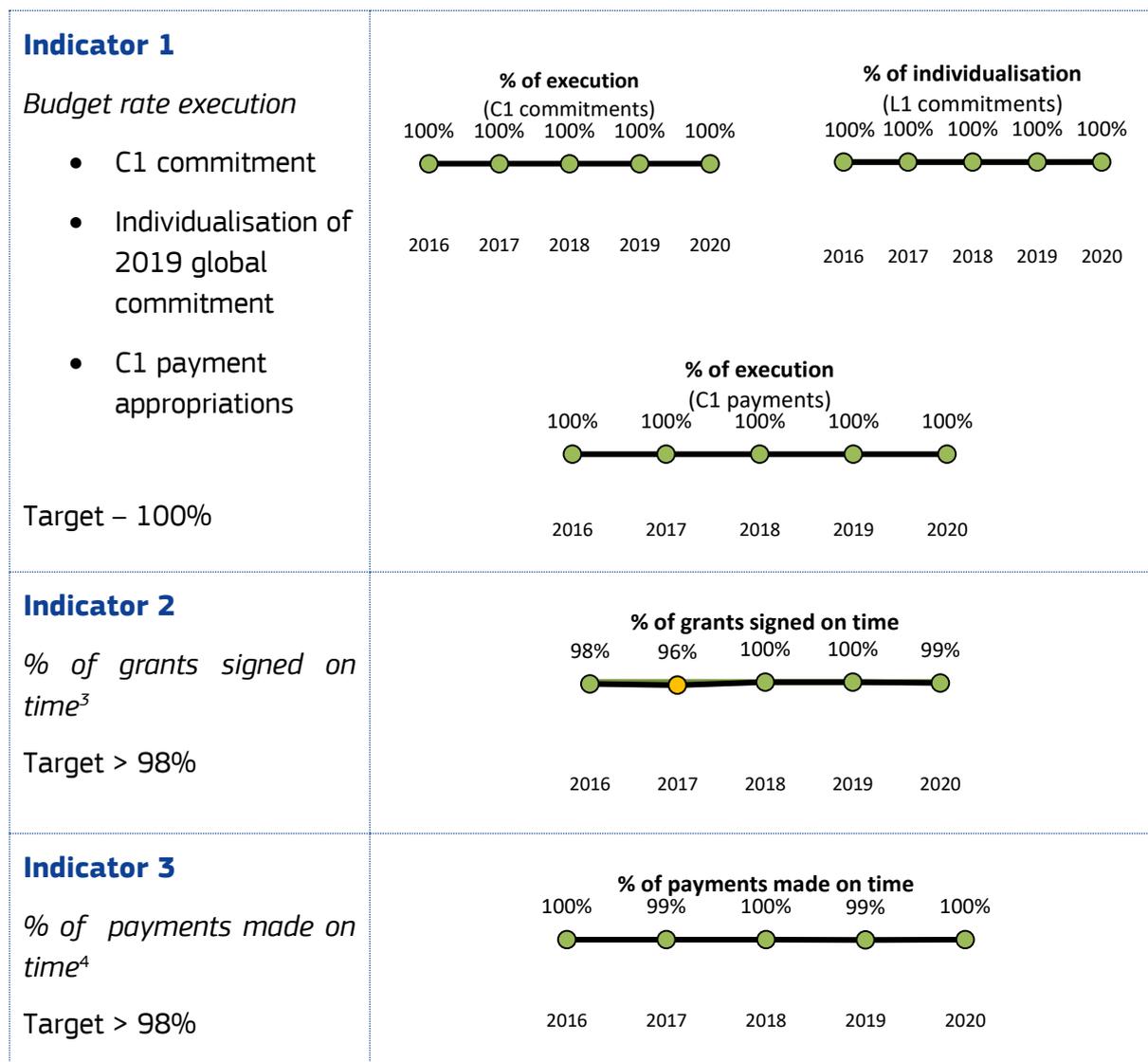
INEA's Green Team

<sup>2</sup> The following programmes will be transferred from EASME to INEA for the next programming period: LIFE, EMFF, H2020 Climate and part of H2020 Energy.

## B. Key Performance Indicators (KPIs)

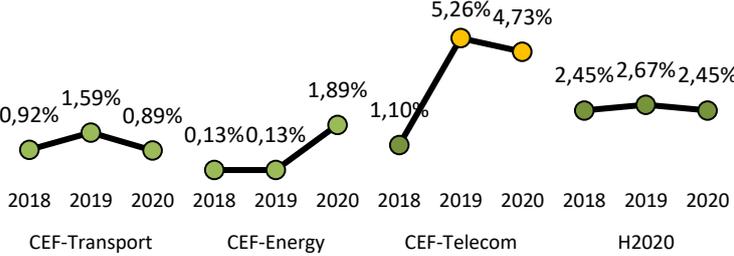
In its 2020 Annual work programme INEA has chosen 5 KPIs in order to measure the effectiveness of the performance of its mandated tasks with the aim to successfully achieve the goals set by its parent DGs. The aggregated annual results for each of the five indicators are presented below and are detailed by programme sector in Annex 2.

**Figure 1:** Historical overview on INEA's KPIs.



<sup>3</sup> CEF: 9 months (276 days), H2020: 8 months (245 days)

<sup>4</sup> Other payments made on the operational budget excluded. Deadlines are: 30 days for pre-financings, 60 days for further pre-financings and 90 days for interim/final payments.

<p><b>Indicator 4</b></p> <p><i>Residual Error Rate</i></p> <p>Target H2020 – between 2-5%</p> <p>Target CEF – below 2%</p>	 <table border="1"> <thead> <tr> <th>Category</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>CEF-Transport</td> <td>0,92%</td> <td>1,59%</td> <td>0,89%</td> </tr> <tr> <td>CEF-Energy</td> <td>0,13%</td> <td>0,13%</td> <td>1,89%</td> </tr> <tr> <td>CEF-Telecom</td> <td>1,10%</td> <td>5,26%</td> <td>4,73%</td> </tr> <tr> <td>H2020</td> <td>2,45%</td> <td>2,67%</td> <td>2,45%</td> </tr> </tbody> </table>	Category	2018	2019	2020	CEF-Transport	0,92%	1,59%	0,89%	CEF-Energy	0,13%	0,13%	1,89%	CEF-Telecom	1,10%	5,26%	4,73%	H2020	2,45%	2,67%	2,45%
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<p><b>Indicator 5</b></p> <p>Total potential reach via all communication channels</p>	<p>Target ≥ 7,700,000 people</p> <p>Result = 7,201,789 people</p>																				

Throughout the year INEA closely monitors the progress on its indicators and takes mitigating measures to prevent any major deviations from the targets. The data is gathered through the IT systems used by the Agency such as TEN-Tec, ABAC and CORDA, and it is subject to a regular data quality control.

In 2020, INEA reached the targets for all of its KPIs<sup>5</sup>, except for two - the CEF Telecom (DSI) error rate which stands at 4,73% and the total potential reach via all communication channels, which registered 500,000 less people than foreseen. For the former, the higher incidence of detected error in the sector is linked to factors such as high share of personnel expenditures in the declared costs or the limited use of Certificate for Financial Statements (CFS) for these projects<sup>6</sup>. As both the detected and residual error rates for CEF Telecom are above 2%, an assessment of the need to report a reservation in the AAR was made. The analysis showed that ‘de minimis’ thresholds<sup>7</sup> for a quantified financial reservation are not exceeded and no financial reservation is required. It should also be noted that the CEF Telecom error rate decreased compared to 2019.

As to total potential reach via all communication channels, the target was reached at 94% due to the very specific circumstances in 2020: events cancelled, an EC decision for all services to focus social media activities only on the COVID-19 situation for a period of time, some publications cancelled due to no events.

<sup>5</sup> It should be noted that the grants signed-on-time indicator is slightly influenced by the prevailing number of grants under WiFi4EU – 951 vs 394 for all other programmes together. Without WiFi4EU, the percentage of the grants signed on time would decrease to 99,2%, with the latter still been within the target set.

<sup>6</sup> Please see annex 7 for more details.

<sup>7</sup> A ‘de minimis’ threshold for financial reservations was introduced with decision of the EC Corporate Management Board from 30/04/2019. Quantified AAR reservations related to residual error rates above the 2% materiality threshold, are deemed not substantial and are no longer needed for segments representing less than 5% of a DG’s total payments and with a financial impact below € 5 million.

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

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

To ensure the achievement of policy and management objectives, the Commission has adopted a set of internal control principles, based on international good practice. The financial regulation requires that the organisational structure and the internal control systems used to implement the budget be set up in accordance with these principles. INEA has assessed its internal control systems during the reporting year and has concluded that it is effective. The components and principles are present and functioning well but some improvements are needed. Some improvements and/or remedial measures have already been implemented whereas others will be part of dedicated action plans targeting the areas with identified deficiencies. Please refer to AAR section 2.1.3 for further details.

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

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

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

In the context of the regular meetings during the year between the Director and the parent DG(s) on management matters, the main elements of this report and assurance declaration have been brought to the attention of the agency's Steering Committee and to the parent DGs' Directors General, who have taken these into consideration in his(her) reporting to Commissioner Adina Valean, responsible for Transport, Commissioner Kadri Simson, responsible for Energy, Commissioner Thierry Breton, responsible for Internal Market, Commissioner Mariya Gabriel, responsible for Innovation, Research, Culture, Education and Youth and Executive Vice-President Frans Timmermans.

## **E. Specific actions on COVID-19**

In 2020, Europe was strongly impacted by the COVID-19 pandemic. The Commission has proposed a strong and coordinated response to the health crisis as well as to the impact on

Europe's economy and society. COVID-19 has also posed challenges as regards performance, control, audit and assurance in relation to the 2020 EU budget. In an exercise coordinated at corporate level, all Commission services have promoted the consistent and rigorous protection of the EU budget ensuring that appropriate mitigating measures were put in place.

Under these circumstances, INEA developed measures to ensure a continued smooth management of its project portfolio. The Agency provided dedicated communication to beneficiaries on submission of reports, payments and other operational aspects. In addition, INEA increased the pre-financing payments' percentages for certain programmes and, in justified cases, signed amendments extending the project duration. Besides, some deadlines of calls for proposals were extended to give additional time to applicants to submit their proposals. Finally, INEA improved its working methods, notably by using exclusively electronic workflows and signatures.

## 1. Implementation of INEA 2020 Annual Work programme - Highlights of the year

In 2020, INEA provided high value expertise and effective management of its delegated programmes and thus fulfilled its mission of a trustworthy contributor to the implementation of the policies and specific objectives of its parent DGs. Below are shown the main achievements and challenges for the year and more details on the outputs can be found in Annex 2.

### 1.1 CEF Transport



©2014-EU-TMC-0485-W project Connecting Core Network elements in the transport sector: Rhine-Danube Corridor - Komárom-Komarno cross-border bridge

The CEF Transport programme aims at building an EU-wide transport infrastructure network. The actions managed by INEA concentrate on the development of the TEN-T core network, in particular the nine [Core Network Corridors](#) with the aim to remove bottlenecks, to build cross-border connections and to promote modal integration and interoperability. They also contribute to promoting clean fuel and innovative transport solutions.

## Call management and contracting

INEA signed the remaining grant agreements under the CEF Transport 2019 Annual call, reaching €113 million of EU funding. These projects will contribute to the development of the TEN-T comprehensive network by removing bottlenecks and bridging missing links.

The Agency, in coordination with DG MOVE, concluded the evaluation and selection of proposals submitted under the 2019 CEF Transport MAP call (so-called Reflow 1 call). In total, over €2.1 billion were allocated to 130 projects of common interest. More than €2 billion of this funding stemmed from budget reflows (funds not used by previous actions) which were re-injected into the programme to maximise the impact and the absorption of EU funds. The respective grant agreements were signed before the end of 2020.

INEA and DG MOVE conducted the evaluation and selection process for the first three cut-off dates of the 2019 Blending Facility call. In total, 25 projects were selected for CEF funding of almost €194 million. The grant agreement preparation process (GAP) was finalised before the end of 2020 for cut-off date 1, and is expected to be finalised in 2021 for cut-off dates 2 and 3. Submission of proposals for the fourth cut-off date closed in November and the evaluation process started shortly thereafter.

*The submission phase for the fifth cut-off date of the Blending Facility call is open until February 2021.*

*A specific objective of the call is to increase, through blending, as a complement to the traditional grants, private sector investment in the financing of TEN-T projects.*

Finally, on 15 December, INEA opened the 2020 CEF Transport multi-annual programme (MAP) call (Reflow 2) with deadline for submission in March 2021. The call makes €200 million available to support studies in preparation of transport infrastructure works projects to be implemented notably under CEF 2.

Due to COVID-19, evaluations in 2020 were carried out remotely for the first time, and although posing a significant challenge to the Agency they were completed efficiently and on time.



**Figure 2** CEF Transport number of ongoing actions on 31/12/2020. Number of projects are shown in brackets (including GAs in preparation, pre-suspended and pre-terminated actions) and respective actual EU contribution per transport mode in billion EUR (without PSAs and Synergy actions).

## Project portfolio management

The 734 ongoing CEF Transport projects benefit from €22.28 billion of EU grant support for transport infrastructure distributed per transport modes as shown on Figure 2. Additionally 34 Programme

Support Actions (PSA) and 5 Synergy actions<sup>8</sup> are ongoing.

During the annual reporting exercise, INEA assessed more than 500 Action Status Reports (ASRs). Wherever appropriate, amendments or terminations of grant agreements were processed in line with the existing rules and practices. This allowed the Agency to ensure the smooth implementation of the project portfolio and to contribute to maximising the absorption of EU funds by identifying reflows, most of which were re-injected via the 2019 CEF MAP call.

The Agency provided additional support to its beneficiaries in the implementation of their CEF Transport actions in order to minimize the impact of the COVID-19 pandemic. In particular, and with the agreement of DG MOVE, INEA increased the first pre-financing for the actions under the 2019 CEF Transport MAP call from 40% to 50%. Moreover, the Agency encouraged beneficiaries to accelerate their interim payment claims. INEA also offered to explore, upon request and on an individual basis, the possibility to grant additional extraordinary pre-financing to private beneficiaries in urgent need of funding, and ineligible to receive national support schemes at home. For actions facing delays due to the crisis an additional extension of up to 12 months (with maximum duration set at 31/12/2024) has been made possible.



### **Supporting E-travelling through electric mobility in Europe**

The EVA+ Action 2015-EU-TM-0415-S aimed at kick-starting long distance electric mobility journeys in Austria and Italy as well as connecting the main urban nodes with the TEN-T Corridors, while ensuring fast charging interoperability and roaming with other EU countries. This was done through installation of 200 multi-standard fast chargers and conduction of real-life trials with electric vehicles (EVs). The Action received a grant of €4,236,645 and it was implemented in the period 2016 - 2019.

The Action 2016-EU-TM-0121-W aims to create a ultra-fast charging network in Sweden, Denmark, Germany, France, the United Kingdom and Italy. 150 ultra-fast charging sites will be installed along eight TEN-T Core network corridors. The Action developed a specific station design concept, which involves not only the installation of the chargers but also a roof, a green space and sometimes a lounge area in order to provide a message that electric charging is green and peaceful. An example is the charging station in Fredericia, Denmark (on the picture) which has an impressive roof, all made in wood, and a garden with local flora. The grant for the Action is € 9,688,000 and will be implemented until the end of 2022. The Action is embedded in a Global Project that encompasses 437 ultra-charging sites in 13 European countries.



<sup>8</sup> The CEF Synergy actions are reported under this chapter while they are funded on equal contributions from both the CEF Transport and CEF Energy sectors.

***In total, CEF Transport is co-funding actions aiming to install more than 20,000 Alternative fuel supply points across Europe (including more than 19,000 electricity supply points).***

## **Dialogue with Stakeholders and feedback to policy making**

INEA participated in a number of meetings with beneficiaries, such as the RailBaltica Forum in March. During the event, the Agency indicated future perspectives of this key infrastructure project and also promoted its programme portfolio and funding opportunities. In parallel, INEA continued to support the work of the European Coordinators by providing information and by participating in meetings with their stakeholders.



The Agency took part in the online policy round table on hydrogen projects organized by TSO2020 - the largest action approved in the first so-called Synergy call of proposal launched in 2016. In addition, INEA participated in the round table session with the EU Defence Agency, Eurocontrol, SESAR Joint Undertaking and SESAR Deployment Manager on sharing their perspective on the necessity to continue the journey of air-traffic modernization through the Single European Sky Air Traffic Management Research (SESAR) project deployment. INEA also participated in the virtual exhibition of the online ITS Congress 2020 with DG MOVE.

The Agency held one CEF Transport Advisory Group (AG) meeting via teleconference, which took place in June. The meeting focused on issues affecting CEF beneficiaries, such as the COVID-19 situation.

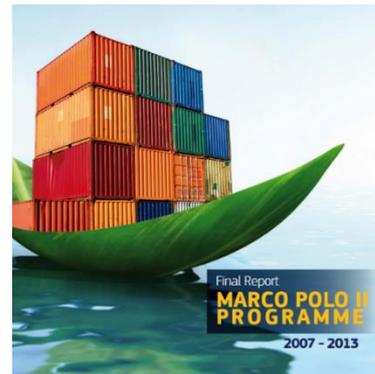
INEA kept its parent DG regularly updated through different communication channels, such as the joint management meetings, other bilateral meetings and notes on different matters. The Agency set up instant data sharing dashboards (QlikSense), which are directly accessible by DG MOVE. Furthermore, the two services agreed to a detailed list of performance indicators for CEF2. In addition, INEA assisted DG MOVE in numerous performance audits by the European Court of Auditors, notably with the performance audit on EU transport infrastructures. In view of CEF2, INEA provided input to DG MOVE and other Commission's services regarding various strands of the preparatory work. The Agency has also started contributing to the revision of the TEN-T guidelines launched by DG MOVE.

INEA updated the nine Core Network Corridor, the ERTMS and Motorways of the Sea reports. These reports were published in July in conjunction with the latest call results. A new leaflet was produced on '[Implementation of the Single European Sky and research and innovation on drones](#)'. In addition, INEA published a comprehensive summary of all projects implemented with the support of the TEN-T programme managed by the Agency from 2007 until 2018.



## 1.2 Marco Polo II

The Marco Polo II actions contribute towards the achievement of a resource-efficient and environmentally friendly European transport system by promoting the use of alternative modes to road in the area of freight transport. Their implementation aims to ensure smarter and greener mobility and optimise the integration and interconnection of transport modes.



### Project management and feedback to policy-making

In the first half of the year, INEA closed the remaining Marco Polo II projects. The programme provided €131 million co-funding to 168 actions in support of their efforts to shift cargo from the roads to other more environmental-friendly transport modes.

The Agency conducted a survey among the Marco Polo stakeholders with the aim to assess the programme's contribution to policy, its impact and results, and to feed the replies into [the final programme implementation report](#) published in October. The analysis showed that the programme achieved 42% absorption of the initial budget that resulted in a shift of 41.9 billion tkm off the roads. This represents 29% of the initial target and is due to various reasons such as low responsiveness to the calls for proposals, overestimation of demand in the applications for funding, infrastructure limitations causing additional costs and longer travel times, changing market conditions, and the persistent attractiveness of the road transport, in particular for services for short distances. Nevertheless, the vast majority of respondents in the survey (80% of them beneficiaries), claimed that the grants were instrumental in the success of the services developed, and most importantly, that they managed to ensure the sustainability of these services after the end of Marco Polo II aid.

The Agency organised an online closing workshop presenting the results and challenges of the programme as well as lessons learnt from its implementation.

### Final Marco Polo conference



In October, an online workshop took place to mark the closure of the Marco Polo II programme.

The workshop gathered a number of distinguished speakers including DG MOVE policy makers, beneficiaries, consultants and INEA around a virtual table to exchange experience, views and ideas on the programme. The meeting gathered more than 60 representatives and considered the results and challenges of the programme, also contemplating the future going through a few lessons learnt.

### 1.3 CEF Energy

The CEF Energy actions contribute to the development of cross-border energy infrastructure through the promotion of competitiveness, security of energy supply, sustainable development and protection of the environment. They are implemented on [nine priority corridors and one horizontal thematic area](#) and aim at the completion of the EU Internal Energy Market, at meeting the EU short and longer-term energy and climate objectives and ultimately at contributing to the Energy Union goals.



©CEF Energy 4.2.3-0008-LV-W-M-16 project - Internal line between Riga CHP2 and RigaHPP (LV)

#### Call management and contracting



INEA finalised the evaluation for the 2020 CEF Energy call aiming at the development and implementation of projects of common interest (PCIs) in the electricity (including smart grids), gas and cross-border carbon dioxide networks. Due to COVID-19, the evaluations were done for the first time fully remotely. The proposed CEF Energy funding amounts to €998 million, with electricity and smart grids accounting for €835 million, €135 million to support the development of a CO<sub>2</sub> transport infrastructure and €28 million allocated to the gas sector. In total 10 actions were selected.

#### The largest CEF Energy grant ever awarded!

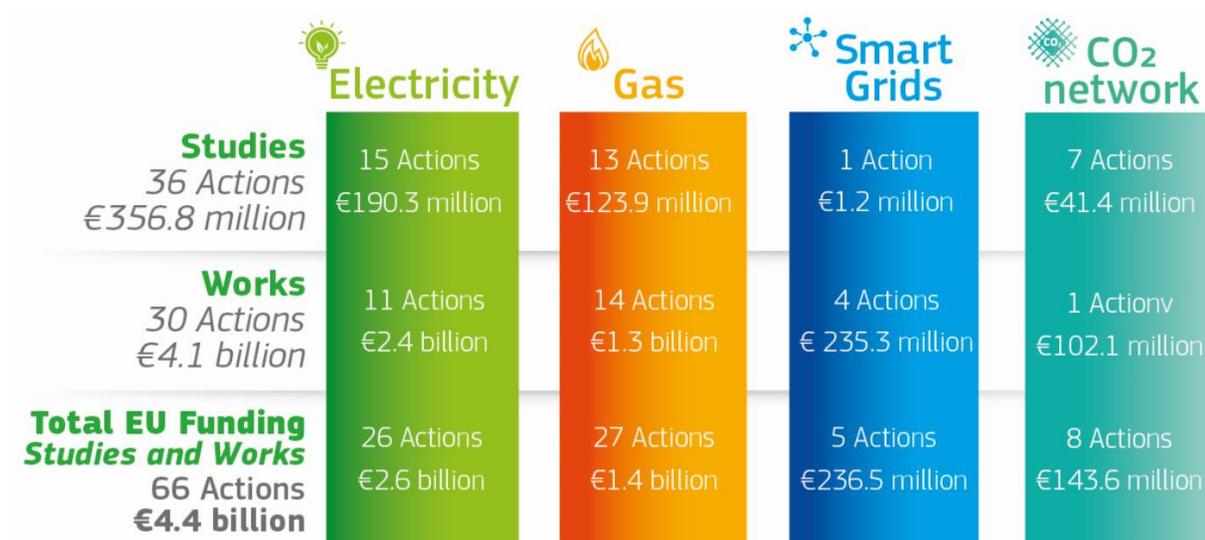
The largest part of the 2020 CEF Energy call funding (nearly €720 million) was devoted to phase II of the Baltic synchronisation process. The funding, covering 75% of the investment costs, includes the construction of the new submarine high-voltage direct current (HVDC) link between Lithuania and Poland, also known as Harmony link and other cross-border investments. This is the largest CEF Energy grant ever awarded, and will be decisive for completing the synchronisation of the Baltic States' electricity grid with the continental European network.

The information day for the 2020 CEF Energy call was held virtually, whereby beneficiaries were given direct access to relevant information to boost their applications, to identify the goals and policy context of the call and to understand the Agency's evaluation process.

INEA also concluded the grant agreement process for the 2019 CEF Energy call signing the final grant in spring and bringing the total number of GAs signed for the call to eight.

### Project portfolio management

At the end of 2020, INEA had a portfolio of 66 ongoing actions amounting to € 4.41 billion of EU support distributed between four thematic corridors in the electricity sector, four in the gas sector and two in thematic areas – smart grids and cross-border CO2 networks.



**Figure 3:** CEF Energy number of ongoing actions on 31/12/2020, including GAs in preparation, pre-suspended and pre-terminated actions and respective actual EU contribution per field.

Based on the analysis of the ASRs, INEA carried out a review of the energy portfolio, which was sent to DG ENER. The results of the review showed that the majority of actions were progressing well. This good progress corresponds in some cases to important advancements in the implementation of several PCIs (see box for examples). The average delay reported by the actions was around six months. In some cases however, more important delays were observed affecting the implementation end dates.

One of the challenges remains the overall financial underspending of the actions. The assessed actions under the 2020 ASR exercise achieved an overall financial progress of 19%, instead of the foreseen financial progress of 31%.

The COVID-19 pandemic is a new factor potentially affecting the implementation of CEF Energy actions and its final impact is still to be determined. The Agency closely monitored its portfolio and addressed the identified risks appropriately, including by signing modifications of the grant agreements where necessary.

By the end of 2020, 78 actions were closed with the majority demonstrating full technical completion. 107 PCIs have advanced thanks to the contribution of CEF.

INEA offered, on individual request, the possibility for extraordinary additional pre-financing to private beneficiaries implementing CEF Energy actions in urgent need of additional funding and not eligible for any national support schemes. The Agency will continue to support beneficiaries when it comes to additional measures with the aim to advance the action implementation, as well as to facilitate reporting process (such as acceptance of delayed final payment claims and final reports in exceptional and duly justified cases).



### **Estonia-Latvia third electricity interconnection operational**

The Estonia-Latvia third electricity interconnection, which received €112 million from CEF Energy (Action 4.2.1-0027-LVLV-P-M-14, for total cost around €170M), has been completed and has started operations on 1 January 2021. By increasing the capacity by approximately 600 MW at the

border between Estonia and Latvia, the interconnection aims to enhance the security of supply in the Baltic region, and to facilitate the potential integration of renewable energy sources into the grid.

### **Secured gas supply in the Central Eastern & South Eastern Europe**

The project of common interest for the development of an LNG terminal in Krk (Croatia) received €101.4 million (Action 6.5.1-0018-HR-W-M-16, total cost around €220 million) for the construction of a Floating Storage and Regasification Unit (FSRU), a jetty and a connecting high-pressure pipeline, for an approximate send-out capacity of 2 bcm/year. The terminal which started commercial operations on 1 January 2021 will enhance the diversification and security of natural gas supply for the region.



### **Dialogue with Stakeholders and feedback to policy making**



Throughout the year, the Agency took part in several events as part of the dialogue between INEA and its stakeholders. In March, the Agency visited Bulgaria for the CEF electricity portfolio and participated in the launch ceremony of construction works for Action 3.7.1-0023-BGEL-W-M-18, (linked to the PCI 3.7.1 Interconnection

Bulgaria-Greece). Upon completion, this cross-border power line will allow electricity to flow north-south and thus contribute to EU internal market integration, regional security of supply and integration of renewable power generation. In October, INEA took part in the

virtually held [Energy Infrastructure Forum](#) where the Agency shared its experience in managing CEF Energy over the period 2014-2020 and monitoring PCI implementation to support TEN-E policy.

In addition, INEA published electronically the [CEF Energy Supported Actions Brochure](#), which considers the principal priorities of the Commission's Green Deal, highlighting the Commission's ambition to align the TEN-E Regulation with the EU's zero-net carbon neutrality goal for 2050. The publication provides an overview of the CEF supported actions that contribute to the PCIs implementation.

INEA supported DG ENER with further updates of the Transparency Platform<sup>9</sup> (TP) fiches and implementation plans, following the entry into force of the 4<sup>th</sup> PCI list in March 2020. The [Transparency Platform](#) back office was updated with new functionalities with the aim to better collect and manage data for the CEF 2 Energy performance indicators. The new updates went live in June 2020. In addition, INEA improved the [Transparency Platform](#) viewer (revamp exercise) with the objective to ameliorate the current layout, functionalities and increase the user-friendliness, operability and quality of the information displayed.

The Agency contributed to the preparation of CEF 2 Energy, including through supporting DG ENER in the context of the new window on cross-border renewables. Further feedback from the implementation of projects and actions was provided to the parent DG in the context of the TEN-E review. Additionally, the Agency participated in webinars organised by DG ENER in the context of stakeholders' consultation for the revision of the TEN-E Regulation.

INEA supported DG ENER in the regular PCI monitoring exercises, in particular for the actions managed by the Agency. The Agency also set up instant data sharing dashboards (QlikSense) which are directly accessible by DG ENER.

In parallel, INEA worked closely with DG ENER in the preparation of the CEF Energy multiannual work programme. The Agency furthermore supported DG ENER in preparatory actions in the context of the Renewable Financing Mechanism instrument before the official launch of the programme.

## GOOD PRACTICE AWARD

INEA's beneficiary [EirGrid](#) won [RGI's](#) Good Practice Award for its holistic stakeholder engagement approach around the [Celtic Interconnector project](#) funded by CEF Energy.



<sup>9</sup> The Transparency Platform is a public information system which provides data about the PCIs, including their geographic records, implementation plan and EU financial support.

## 1.4 CEF Telecom

CEF Telecom delivers concrete benefits to citizens, businesses and administrations across the EU through interoperable and interconnected digital services that sustain the Digital Single Market contributing to its effectiveness and the Union's economic growth. CEF Telecom projects managed by INEA cover two pillars: Digital Service Infrastructures (DSIs) and the WiFi4EU initiative. The former aim at fostering the interoperability between the Member States and at improving the cross-border digital public services for the EU citizens. The latter is a voucher scheme supporting municipalities that wish to offer free Wi-Fi connectivity to their citizens and visitors in public places.



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### Call management and contracting

#### Digital Service Infrastructures (DSI)

CEF 2020-2 call received a record number of 191 proposals

In 2020, INEA was responsible for the organisation of two sets of calls for proposals in the digital sector. Despite the COVID-19 crisis, the Agency managed to successfully finalise and sign on time the grant agreements for the 2019-1<sup>10</sup> and 2019-2<sup>11</sup> CEF Telecom calls. In total, 81 grant agreements were signed, with a total EC contribution of €42.9 million. In addition, INEA evaluated the proposals for the 2020-1<sup>12</sup> call and started the preparation of the grant agreements. Finally, the Agency launched in June the 2020-2 call with the overall budget of €36 million and organised the evaluations of the 182 eligible proposals (out of 191 submitted) by the panel of external experts. The evaluation process will continue until spring 2021.

Along with launching the calls, INEA organized two virtual info days in March and July 2020.

#### WiFi4EU

In June, the Agency launched the fourth and last call of the WiFi4EU initiative. While the call was initially foreseen to take place in March, it had to be postponed due to the outbreak of the COVID-19 pandemic. As in previous editions, the call registered wide interest from



3,100 applications submitted in the first 5 seconds!

<sup>10</sup> The call provided funding to beneficiaries in the areas of Automated translation, eidentification & eSignature, eDelivery, eInvoicing and Europeana.

<sup>11</sup> The call provided funding to beneficiaries in the areas of Cybersecurity, eHealth, eProcurement, European eJustice, European Platform for Digital Skills and Jobs and Public Open Data.

<sup>12</sup> In the areas of Automated Translation, Blockchain, eDelivery, European platform for Digital Skills and Jobs, Europeana and Safer Internet, launched in February and in the area of eidentification & eSignature, launched in March.

municipalities across Europe: the Agency received 8,644 applications – most of them within seconds after the opening of the call. INEA finalised the evaluation and prepared a [map of the selected municipalities](#) to be published with the selection decision. 947 municipalities received a €15,000 voucher to set up a free Wi-Fi network in local public spaces.

## Project portfolio management

### DSIs

At the end of 2020, INEA had a portfolio of 378 ongoing actions for a total amount of €205 million.

In mid-June, the Agency sent guidance to CEF Telecom beneficiaries implementing DSI projects of all running actions, highlighting typical errors regarding the completeness of their declarations as well as relating to the eligibility of costs.

Webinars on grant agreement preparation were provided to the successful applicants of the 2019-1, 2019-2 and 2020-1 CEF Telecom calls and they were attended by nearly 250 participants on average. In addition, a webinar on grant agreement implementation was also delivered to the beneficiaries of all ongoing actions (with over 200 participants).

**Figure 4** CEF Telecom number of ongoing actions implementing DSIs on 31/12/2020. Number of projects are shown in brackets (including GAs in preparation from 2020-1 calls, pre-suspended and pre-terminated actions) and respective actual EU contribution per domain in EUR million.



**European Reference Networks (ERN)** are virtual networks of healthcare professional providers across Europe that work together on complex and rare diseases. CEF Telecom has funded 24 ERNs to establish and run their operational helpdesks serving over 300 hospitals with over 900 healthcare units in 25 European countries including Norway. Based on this experience, the European Commission launched the [COVID-19 Clinical Management Support System \(CMSS\)](#), an IT system that facilitates exchanges between healthcare professionals in hospitals on clinical cases of coronavirus.

## WiFi4EU

At the end of 2020, INEA had a portfolio of 5.502 ongoing actions for a total amount of €82.5 million. In addition, €45.41 million were disbursed to 3,027 municipalities who had



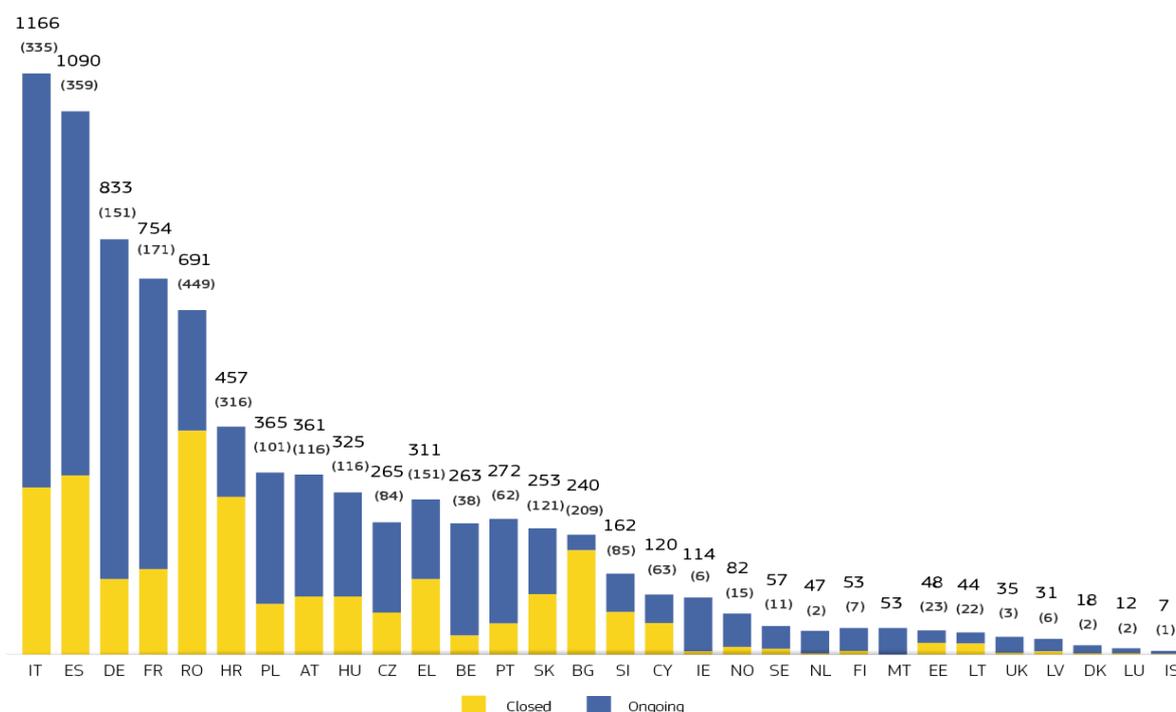
France has been awarded 762 WiFi4EU vouchers to bridge the digital divide and connect rural and remote territories

already successfully set up local WiFi4EU networks. In total 8,530 municipalities<sup>13</sup> across Europe have engaged in the Commission's effort to provide free Wi-Fi access to citizens in public spaces. This contributed to an improved EU connectivity through the installation of over forty thousand free Wi-Fi access points in public spaces<sup>14</sup>. WiFi4EU networks also played an important role in the deployment of e-governance and e-tourism services at

local level, thus paving the way for a quicker future recovery of the EU economy.

One of the biggest challenges faced when managing the implementation of the initiative was the deployment disruptions reported by a large number of municipalities because of the unprecedented COVID-19 crisis. To overcome this, INEA granted to the beneficiaries of calls 1 to 3 an 8-month extension to deploy their WiFi4EU network installations.

**Figure 5:** WiFi4EU total number of vouchers per county state of play on 31/12/2020. Close actions are shown in brackets.



<sup>13</sup> For the purpose of the AAR, the number of municipalities displayed here is based on the number of vouchers. However, the final number can vary due to mergers and splits of municipalities.

<sup>14</sup> About 49% of the funded municipalities have installed hotspots in schools or education centres, and close to 21% in medical/health centres.

## Dialogue with stakeholders and feedback to policy-making

INEA continued to foster an efficient coordination with all Commission services responsible for their respective DSIs at each stage of the project lifecycle. The Agency participated in various DSI-specific events and meetings, such as the European Multi-Stakeholder Forum on Electronic Invoicing, the 12<sup>th</sup> CEF Cyber Governance Board Meeting and the eHealth DSI Member State Expert Group.

A number of publications have been produced to increase the visibility of the CEF programme and showcase its benefits for citizens. In March and July INEA promoted the ongoing CEF Telecom calls using leaflets and fliers targeting new beneficiaries. In May, the Agency published the updated leaflet on [2019 CEF Telecom Cybersecurity](#)



showcasing how EU funding is used to tackle cyber-attacks. In

November, INEA prepared [an online brochure](#) presenting in detail the CEF ICT portfolio since the start of the programme (2014-

2020). In addition, the Agency undertook specific communication activities around the Safer Internet Day, the European CyberSecurity Month and European Reference Networks (eHealth).

For WiFi4EU, the Agency maintained constant dialogue with its stakeholders including municipalities, Wi-Fi installation companies and citizens. INEA contributed to the WiFi4EU newsletter, distributed among 41,000+ subscribers, placing it amongst the largest newsletters run in the European Commission. In addition, the Agency complemented the first-line helpdesk service delivered by the European Direct Contact Centre ([EDCC](#)).

In February-March, INEA conducted a large survey with a phone call campaign with over 1,000 municipalities (in their respective language) with the aim to better understand the reasons for implementation delays. The results and analysis of the survey were shared with DG CNECT and, based on them, measures were taken to mitigate delays. INEA also hosted a series of webinars with the European BCOs (Broadband Competence Offices) network in order to allow municipalities that have successfully set up their WiFi4EU to share their experience, especially in view of overcoming the challenges imposed by the COVID-19 crisis.

In view of the preparation of future work programmes under CEF-2 Digital (2021-2027), INEA shared with DG CNECT a call preparation checklist with key questions to be addressed at an early stage. In addition, the Agency has started preparations for the handover of the CEF-1 Telecom legacy to the HaDEA.



Thanks to one of the DSIs funded by CEF Telecom (Automated Translation), which supports machine translation capabilities, almost 253 million translation requests were processed by the end of 2020. This enabled EU public administrations, SMEs and citizens to exchange information overcoming language barriers and provided them with wider access to multilingual digital services.

INEA attended a meeting organised by DG CNECT with National Promotional Banks (NPBIs) on the potential use of blending facilities/operations and financial instruments to finance digital infrastructure projects in the next MFF under CEF2. The Agency took part in the CEF Telecom Expert Group and Committee meetings convened by DG CNECT, including those linked to the deployment of future high capacity digital networks (5G systems, submarine cables, etc.).

## 1.5 Support as regards financial instruments under the CEF programme

INEA continued to support its parent DGs in view of optimizing the implementation of CEF grants in conjunction with other sources of financing, including from the EU budget.



The Agency presented to DG MOVE a new framework for cost-benefit analysis (CBA) assessments for CEF2 Transport targeted to improve the quality of the documentation required as part of the project proposals. In this context, INEA developed a simplified CBA tool aimed at streamlining input provided by applicants to CEF Transport calls. This tool was developed in cooperation with DG REGIO and JASPERS.

Throughout the evaluation of the CEF 2019 MAP calls, INEA assessed the quality of the submitted CBAs and implementation plans. Lesson learnt were collected and used for a comprehensive guidance on the scope of CBAs for transport projects. Furthermore, the Agency reviewed the evaluation of financial models proposed by a number of applications under the CEF Energy 2020 call.

Finally, INEA assisted DG ENER with the design of the CBA and financial models required for cross-border renewable applications under CEF 2 as well as with designing the evaluation and implementation processes in the context of grants attributed under the Renewable Energy Financial Mechanism.

## 1.6 Horizon 2020 Energy



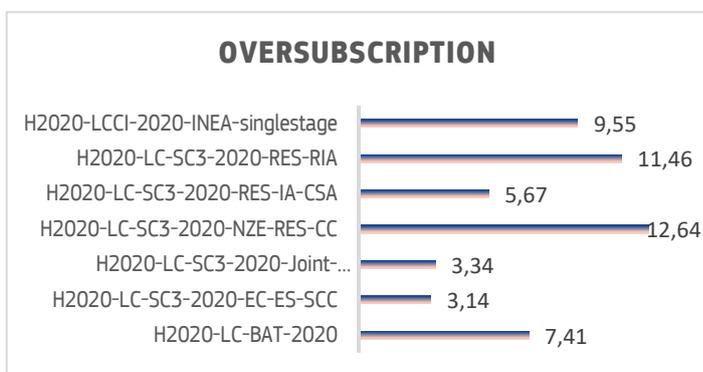
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The Horizon 2020 Energy actions support the research, innovation and competitiveness priority of the Energy Union and Climate Action and Integrated Strategic Energy Technology Roadmap. The Horizon 2020 Energy programme contributes to the decarbonisation of the economy and the transition to a reliable, sustainable and competitive energy system. The funded projects strive to enhance the Union's security of energy supply, the creation of growth and jobs and increased competitiveness through research and innovation in technologies in the field of energy

with a focus on renewable sources and integration with novel digital and data management systems.

### Call management and contracting

INEA organised the evaluations under seven energy calls awarding over €496.9 million to more than 80 selected proposals aiming to develop new solutions for renewable and low carbon energy and for batteries. All calls registered wide interest as shown by their oversubscription rate<sup>15</sup>. This record high number of proposals received (742 or almost double compared to 2019) created a significant challenge for the Agency. In addition, since February 2020 the Agency have been on a steep learning curve in conducting all evaluations remotely due to COVID-19 restrictions. Despite this extra layer of complexity INEA successfully managed all evaluations with low redress rate (2,97% without re-evaluation requested by the Evaluation Review Committee).



### LUMP SUM PILOT

For the first time ever, INEA evaluated H2020 Lump sum proposals for both Energy and Transport submitted under two topics. The lump sum pilot grants are expected to simplify the reporting and payment processes. However, evaluations were more challenging due to the specific cost assessment approach taken.

INEA is implementing 2 energy and 1 transport lump sum grants as a result of these evaluations.

<sup>15</sup> The oversubscription rate is the ratio of the requested funding of the eligible proposals compared to the available funding of the calls. The H2020-LC-BAT-2020 call is shown in both sections – H2020 Energy and Transport as it covers topics under both sectors.

In September, the Green Deal call was launched with topics for both Energy and Transport and deadline for submission at end of January 2021.

INEA finalised the signature of the grant agreements stemming from the 2019 calls<sup>16</sup> as well as from most of the 2020 calls<sup>17</sup>. The grant agreement preparation for the remaining calls has started and is expected to continue until spring 2021.

In addition, INEA conducted, for the first time, two tenders for technical support and coordination for the Cities and Communities Lighthouse (SCC-LG) project group and the ETIP-SNET<sup>18</sup> and BRIDGE initiative.

*An additional challenge was the number of grant agreement amendments amounting to 118. This high number was due to the COVID-19 crisis impacting the projects' implementation. Consortia nevertheless managed to adapt to the changed circumstances and continued achieving results.*

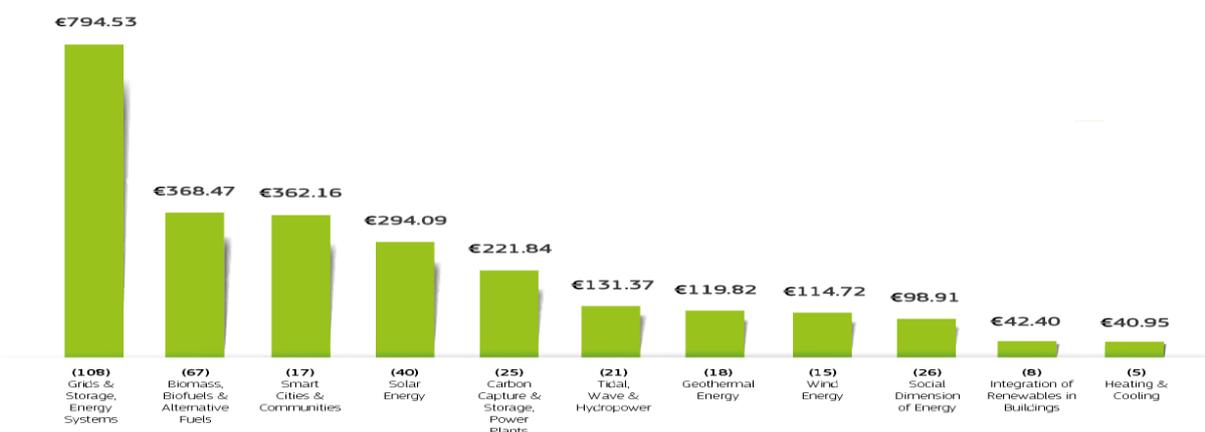
### Project portfolio management

At the end of 2020, INEA had a portfolio of 350 ongoing actions for a total amount of €2.59 billion.

The assessed progress and final reports showed that, although many actions were affected by the COVID-19 crises, the consortia were still able to deliver. Projects were frequently delayed due to technical problems, difficulties in accessing test research facilities or real world demonstrations. Review meetings were held virtually and the outcome of the project reviews fed into a full assessment report with a set of recommendations to be addressed by the consortia. In some cases, INEA's staff was supported by the expertise of external monitors.

**Figure 6:** H2020 Energy: number of ongoing actions at 31/12/2020. Number of projects in brackets (including GA in preparation, pre-suspended and pre-terminated actions) and respective actual EU contribution per topic.

## 1.7 Horizon 2020 Transport



<sup>16</sup> H2020-LC-SC3-2019-ES-SCC and H2020-LC-SC3-2019-NZE-RES-CC

<sup>17</sup> H2020-LC-SC3-2020-RES-IA-CSA, H2020-LC-SC3-2020-EC-ES-SCC, H2020-LC-SC3-2020-RES-RIA, H2020-LC-BAT-2020 and H2020-LC-SC3-2020-Joint-Actions-1

<sup>18</sup> European Technology & Innovation Platform Smart Networks for Energy Transition



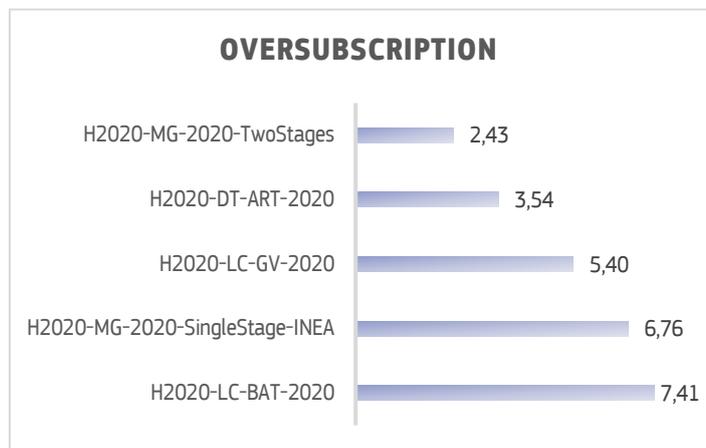
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Horizon 2020 Transport actions support the 'European Strategy for Low-Emission Mobility' and a low-carbon competitive economy. In addition, they contribute to the achievement of a European transport system that is resilient, resource-efficient, climate and environmentally friendly, safe and seamless for the benefit of all citizens, the economy and society. They ensure an effective implementation of research and innovation

activities in the transport area, contributing to key areas of GEAR 2030<sup>19</sup>, to the EU Aviation Strategy, to the development of Automated Road Transport (ART) and to the fulfilment of the Strategic Transport Research and Innovation (R&I) Agenda.

### Call management and contracting

INEA organised the evaluations under five transport calls awarding over €298 million to 64 selected proposals aiming to develop new solutions in the transport area, including batteries. All the calls registered wide interest as shown by their oversubscription rate<sup>20</sup>. As for H2020 Energy, a higher number of proposals was received compared to 2019 and the evaluations were conducted in a full virtual format. The complexity was significant, but the Agency successfully managed all calls with a low rate of redress cases amounting to 1.7%. No re-evaluation was requested by the Evaluation Review Committee demonstrating that INEA's evaluation process is sufficiently robust to withstand challenges from rejected applicants. In September, the Green Deal call was launched with topics for both Energy and Transport with deadline for submission in January 2021.



With the exception of H2020-MG-2020-two stages call, for which the signature procedure will continue until spring 2021, INEA signed the grant agreements for all closed 2019 and 2020 calls.

<sup>19</sup> High Level Group on the Competitiveness and Sustainable Growth of the Automotive Industry in the European Union

<sup>20</sup> The oversubscription rate is the ratio of the requested funding of the eligible proposals compared to the available funding of the calls. The H2020-LC-BAT-2020 call is shown in both sections – H2020 Energy and Transport as it covers topics under both sectors.

## Project portfolio management

INEA's Horizon 2020 Transport actions cover the full spectrum of activities from research and innovation to prototypes and full-scale demonstrations. At the end of 2020, INEA had a portfolio of 291 ongoing actions for a total amount of €1.9 billion distributed per domain as shown below.

As part of its project management activities, INEA assessed over 150 periodic reports (interim and final). They showed that the actions implementation was well on track. However, as in the energy sector, the consortia were heavily affected by the COVID-19 crisis, and there was a higher demand to amend projects as a consequence. The Agency's staff attended the corresponding review meetings virtually in order to be able to monitor and mitigate the risks linked to the implementation. When needed, recommendations were provided to the consortia and, in justified cases, amendments to grant agreements were signed.

With the aim to provide high quality support to its beneficiaries, INEA organised a remote workshop for coordinators of successful proposals resulting from H2020-MG-GV-ART-BAT-2020-SingleStage calls. More than 80 participants were presented with technical details on the grant preparation process, the validation of the legal status and financial capacity of beneficiaries and were given the opportunity to ask questions.



**Figure 7:** H2020 Transport - number of ongoing actions (including GA in preparation, pre-suspended and pre-terminated actions) and respective actual EU contribution per topic.



*The following topics are included under 'Other': Blue Growth, Safety - Road, Safety, Safety - Aviation, Safety - Infrastructure, Socio-economic, Safety - Waterborne, Road, Market uptake, Safety - Marine*

## 1.8 Feedback to policymaking, dissemination and exploitation (D&E) of Horizon 2020 project results

INEA undertook several actions to maintain the active dialogue with its stakeholders and to provide quality feedback to policy to its parent DGs.

### Clustering workshops

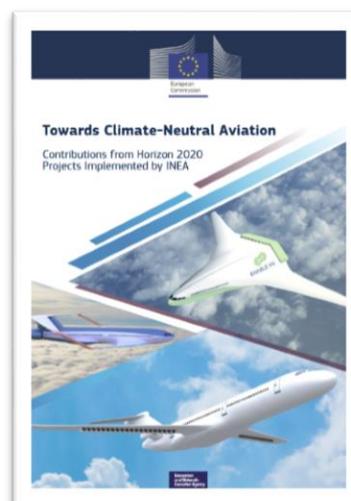


Despite the challenges imposed by the COVID-19 crisis, INEA organised a series of thematic workshops (most of them online) in order to provide an opportunity for project promoters to identify and share best practices along with providing valuable feedback to EC policy makers. During these events, beneficiaries unveiled their project concepts, ideas and newly-developed technologies and explored potential synergies among themselves. Representatives from various Commission DGs were present and intervened by talking about the policy context and the desired impact of the projects' implementation. More than 118 projects were involved in these workshops, with almost 250 external participants and more than 110

Commission's representatives attending. In total INEA organised 12 such events. An example is the coal and carbon intensive regions in transition workshop, which focused on establishing a dialogue between researchers and EU policy makers to enable the formulation of relevant policy recommendations. At the event, project promoters presented their work and discussed synergies and collaboration. Conclusions reached at another clustering event on EU aviation research on hybrid-electric aircraft fed into the development of the EU's aviation R&I strategic roadmap for electric/hybrid aircraft as part of the Horizon Europe programme.

### Promotion of INEA's project portfolio & thematic publications

INEA continued to promote the outcomes of its H2020 portfolio through various channels. An example is the published [YouTube video](#) highlighting the energy projects supporting the EU Green Deal and the Agency's latest [Towards Climate-Neutral Aviation brochure](#). Several digital CORDIS Results Packs were produced. The targeted sectors were geothermal energy, solar heat for power and industry, ocean energy and social sciences and humanities in energy research.



INEA took part in several events with the aim to promote the Horizon 2020 programme and its potential synergies with other EU funding programmes.



The Agency presented its portfolio and a new publication [‘Fostering Synergies from Research to Deployment’](#) at the EU Research & Innovation days, where the INEA Director was one of the speakers at the 'Smart implementation & Synergies' central hub. INEA participated in the EU Hydrogen Week outlining CEF, H2020 and Innovation Fund contribution to the development of clean hydrogen technologies. The Agency was also present at the first edition of the Urban Mobility days that combined together the CIVITAS Forum Conference and the European Conference on Sustainable Urban Mobility Plans (SUMPs). The conference brought together participants from

projects managed by INEA with the urban mobility community to discuss, among other things, the take up of the project results. The Agency organised a session entitled ‘Turning policy into action’ aimed at enhancing potential synergies between EU funding programmes that invest in the urban mobility sector and its further development under the future MFF. INEA made a major contribution to the Horizon 2020 Road Transport Research Conference, which saw the virtual participation of leading-edge projects discussing their results and the future of the fields covered by their research in the road transport sector. INEA H2020 Energy portfolio was promoted at other external events such as EUSEW, SOLARPaces, Sustainable Places Conference and Ocean Energy Conference.

### Direct project-based feedback to policy

Regular contacts between INEA's project officers and their counterparts in the parent DGs were maintained continuously. These interactions took the form of meetings on specific actions/topics and aimed at consulting and providing feedback to the policy officers on the projects implementation, including the related tasks, risks, challenges faced and results achieved either per singular project or per thematic area. Projects with relevant policy content were flagged in SYGMA and the Agency's project officers regularly attended project meetings.

*INEA's experience of the Batteries call was regularly cited as a good example of a cross cutting call being successfully implemented by an agency, even when multiple Work Programmes and DGs provide budget.*

INEA participated actively in the D&E network of the Common Implementation Centre, providing feedback to initiatives such as the new Collaborative Framework for Feedback to Policy or to the Go to Market guidance for project officers.

The Agency took part in the various Energy and Transport co-creation groups in order to provide project based information for the preparation of the first Horizon Europe (HE) work programme for Cluster 5, including by providing feedback on the implementation viability of the proposed topics. In addition, INEA provided regular input to the various working

groups defining the business processes for the future HE programme promoting further simplification of the applied procedures. Finally, INEA participated in the development of the Green Deal call definition, implementation and budget allocation in close cooperation with the parent DGs.

Within the European Commission Research and Innovation COVID-19 impact pilot initiative, INEA sent a general request to its H2020 projects asking them to assess and adapt their research to enhance COVID-19 mitigation measures. Projects were encouraged to focus on



any credible research efforts in this area, and also to use the Horizon Results Platform to exploit their findings. As a result, several projects from INEA's portfolio were selected to participate in this pilot and contributed to further development of the research in this area.

INEA provided input to the [JRC Science for policy report on road vehicle emissions control](#) by providing relevant technical expertise and statistical data. Furthermore, at programme level, the Agency produced and sent to DG Research&Innovation an analysis on its Renewables Innovation Action portfolio. The document looked at the challenges faced by the projects along with recommendations on how to improve their successful

implementation.

The Agency participated regularly to Programme Committee meetings to give feedback on call evaluation results. During the grant preparation process and wherever relevant, INEA flagged projects with policy relevance both via the available IT tools and through direct communication with its parent DGs.

INEA encouraged contacts at working level with other executive agencies and joint undertakings responsible for the implementation of the H2020 Energy and Transport challenges, such as EASME (Energy Efficiency and SME instrument), REA (Blue Growth), Fuel Cells and Hydrogen Joint Undertaking and Clean Sky Joint Undertaking (Mobility for Growth – Aviation R&I). In addition, the Agency worked closely together with EASME for the transfer of the H2020 Societal Challenge 3 and part of the Societal Challenge 5 legacy files which will become part of INEA's portfolio as of the start of its new mandate.

After INEA conducted the first fully remote evaluations, the Agency shared the experience and lessons learnt both within INEA and with the EC Research family through a dedicated note.

### Examples of projects with high D&E potential

The Agency actively promoted the participation of its beneficiaries in the new Horizon Results Booster and in the Horizon Results Platform through tailored communication during kick-off and review meetings or project clustering events. In 2020, INEA had several projects, which listed their solutions and technologies developed with the support of EU funding. In addition, INEA selected eight projects to undergo the Innovation Radar assessment. 40 H2020 Energy projects were included in [four CORDIS results packs](#) and

five projects supported through both CEF and Horizon 2020 were featured in the EuroNews Ocean programme. The show, which was broadcast on 29 September, focused on the measures taken at European level to make the shipping sector more sustainable.

Below are listed some of INEA's actions with high potential for dissemination and exploitation. All INEA H2020 actions can be found on the [Agency's webpage](#).



The [CarbFix2](#) (#764760) project, managed by INEA, was featured on BBC World and "Down to Earth" Netflix travel around the World Series. The project captures carbon dioxide from the air which is then dissolved in water and turned into stone. The project has received €2.2 million from the EU's Horizon 2020 programme and will run until January 2021. At the

end of 2020, the consortia signed ground-breaking agreements with ON Power, laying the foundation for a new plant which will significantly scale-up carbon removal and storage in Iceland. The new plant will be able to permanently remove 4000 tons of carbon dioxide from the air per year.

The [PROSEU](#) (#764056) project is a Research and Innovation Action focused on enabling the mainstreaming of the prosumer phenomenon into the European Energy Union. Prosumers are active energy users who both consume and produce renewable energy (RE). The growth of these players in the energy market challenges its structures and institutions. PROSEU will look into exploring new business models, market regulations, infrastructural integration, technology scenarios and energy policies and develop several experimental living labs. The expected result is a comprehensive identification and assessment of incentive structures to enable the process of mainstreaming RE prosumers in the context of the energy transition. This project is featured in the CORDIS Pack on Social sciences and humanities in energy research published in October 2020.



The [HyMethShip](#) project (#768945) is an Innovation Action developing the first internal combustion engine for marine propulsion system capable of CO<sub>2</sub> emission reduction of more than 95%. The HyMethShip system innovatively combines a membrane reactor, a CO<sub>2</sub> capture system, a storage system for CO<sub>2</sub> and methanol, as well as a hydrogen-fuelled combustion engine into one system. In addition, the project intends to optimise the economic and environmental performance for different ship types and operating scenarios.

## 1.9 Innovation Fund

The Innovation Fund (IF) finances highly innovative technologies and big flagship projects for renewable energy, energy-intensive industries, energy storage, and carbon capture, use and storage. It is one of the world's largest funding programmes for demonstration of innovative low-carbon technologies, aiming to bring to the market industrial solutions to decarbonise Europe. The programme is funded by the sales revenue of 450 million allowances within the European Union Emissions Trading Scheme (EU ETS).

Since June 2020, the IF is part of the programme portfolio managed by INEA. The Agency worked very closely together with DG CLIMA to prepare the timely onboarding of the programme, including the delegation package and the Memorandum of Understanding.

### Call management and contracting

Despite the COVID-19 outbreak, INEA successfully performed all preparatory tasks for the timely launch of the calls, including a campaign to attract experts for the evaluations and supported DG CLIMA in the preparation of the calls' texts.

The first call for large-scale projects with budget of €1 billion, launched in July 2020, targeted projects for clean energy and industry innovative investments aiming at contributing to a decarbonized EU economy. The first webinar to present the call and the application procedure attracted more than 4,300 participants. A second webinar on Greenhouse gas calculation took place in September. INEA also launched a campaign to attract numerous experts in a diverse number of areas.

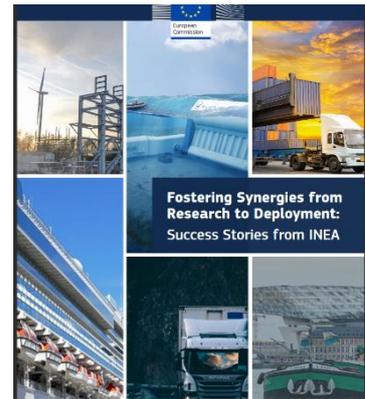
The call attracted very high interest demonstrated by the 311 large-scale and cross-cutting project proposals from all covered countries, promising to reduce around 1.2 billion tonnes of CO<sub>2</sub> while requesting around EUR 22 billion in funding. The high amount of proposals and the innovative features of the programme (such as rigorous assessment of potential GHG emissions avoidance and project maturity) made the organization of the evaluation more dynamic, challenging and required quick mobilization of supplementary resources. Nevertheless, INEA managed to start the evaluation on time, which will continue in 2021.

The small-scale projects single-stage call, funding projects with capital expenditure between EUR 2.5 and 7.5 million, was launched in December 2020 and will be open for submission of applications until 10 March 2021. On 9 December, a dedicated info day webinar organized in cooperation with DG CLIMA, had more than 1,500 participants.

In the last quarter of the year, INEA, in cooperation with DG CLIMA, organized several online events for both calls. They aimed at guiding potential applicants through the submission process, including by answering questions from participants. Additional promotion of the IF was ensured by INEA's contribution to organizing the 1<sup>st</sup> Financing Innovative Clean Tech virtual conference and participation at EU HydrogenWeek, where the Agency raised awareness about the many business opportunities brought by the fund.

## 1.10 Synergies

INEA continued to foster synergies between its delegated programmes. Initiatives were taken to improve the possibilities for CEF applicants to make use of technologies developed under H2020, such as during the CEF 2019 MAP call, where project coordinators were invited to utilize and deploy these technologies in their applications. Moreover, during the H2020 evaluations of the H2020-MG-2020-SingleStage call, references were made to CEF funding opportunities, including for deployment within TEN-T. The Agency promoted the Green Deal call to CEF stakeholders, to raise awareness and potentiate synergies.



INEA addressed synergies also in its communication and dissemination activities. The Agency updated its [website synergies page](#) to better illustrate examples of technologies that can potentially be deployed via the CEF programme. The Agency published the [Fostering Synergies from Research to Deployment brochure](#) to multiply the promotion of successful projects. In addition, INEA released the [Implementation of the Single European Sky and research and innovation and drones leaflet](#), which highlights the Agency's support for Horizon 2020 R&I to develop new drone technologies, and recommend global standards for the mass market deployment of drones in Europe. The leaflet highlights the Agency's increasing portfolio of CEF Air Traffic Management and SESAR actions where a wide range of aviation stakeholders currently implement actions to make the Single European Sky happen.

In January, INEA hosted a workshop with DG Research&Innovation and SESAR Joint Undertaking on Research and Innovation on drones. With a growing H2020 portfolio in drones research that focus on developing drone technologies, as well as on recommending global standards for mass market drones in Europe, the Agency could make a major contribution to the SESAR-JU development of U-space, as well as feed the CEF-funded SESAR-JU demonstrators. Fostering this synergy may contribute to maximize improvements in the sector while helping the drone community to develop technologies with an optimal societal impact.



The part of the [MEHRLIN](#) project in northern Italy has integrated different funding sources, namely CEF, H2020 and LIFE. It will finance (through CEF) the construction of H2 stations for buses, whilst the LIFE programme is financing the deployment of a fleet of 28 hydrogen fuel-cell cars (Zero Emission LIFE IP). Through the H2020 JIVE project, 27 fuel-cell buses for the same location will also be supported.

## 2. Modern and efficient administration and internal control

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

The first subsection reports the control results and other relevant information that supports management's assurance on the achievement of the financial management and internal control objectives<sup>21</sup>. It includes any additional information necessary to establish that the available evidence is reliable, complete and comprehensive. It covers all activities, programmes and management modes relevant to INEA.

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

### 2.1 Financial management and internal control

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

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

- The AOSD reports submitted by the authorising officers by sub-delegation on the implementation progress of their respective areas of responsibility including on internal control and risk assessment of their department/unit;
- Ex-ante and ex-post controls carried out and regular reporting on their results;
- The limited conclusion of the Internal Auditor on the state of internal control;
- The observations and the recommendations issued by the European Court of Auditors (ECA) and the Internal Audit Service (IAS);
- Reporting on the implementation of INEA's Anti-Fraud Strategy;
- The contribution by the Head of Department in charge of Risk Management and Internal Control, including the results of the annual risk assessment exercise, its mid-term review, and of the yearly assessment of INEA's internal control system;
- The recorded exceptions and non-compliance events.

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<sup>21</sup> Art 36.2 FR: a) effectiveness, efficiency and economy of operations; b) reliability of reporting; c) safeguarding of assets and information; d) prevention, detection, correction and follow-up of fraud and irregularities; and e) adequate management of risks relating to the legality and regularity of underlying transactions.

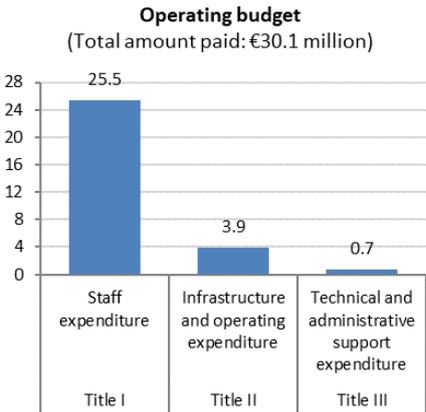
These reports result from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a complete coverage of the budget delegated to the Director of INEA.

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

**2.1.1 Control results**

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

**Operating budget**



INEA has established a system of controls<sup>22</sup> that aim at ensuring the sound financial management and the legality and regularity of all financial transactions (in total 379 payments) related to the operating budget (€ 30.1 million paid).

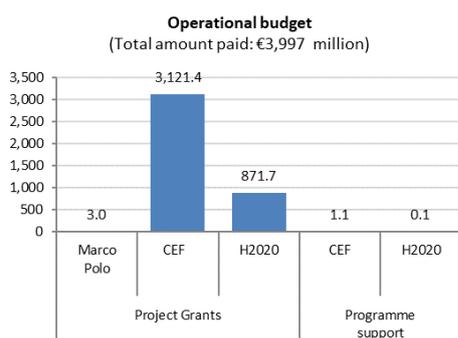
INEA performs ex-ante checks on transactions related to payments and recoveries in view of spotting any possible errors that may impact the reliability of the accounts. The result of the checks is the basis for the certification of the annual accounts, the validation of

the financial processes by the Accountant and for the signature of the Management Representation Letter that accompanies the Financial Statements, addressed to the Court of Auditors.

The cost of control is difficult to measure given the nature of the transactions performed by the Agency (low risk, standard transactions). Therefore, its quantification is not undertaken here. The residual error rate is currently estimated at 0.5%, which is significantly below the target of 2%. In the past few years, the Court of Auditors has not issued any observations on INEA’s internal control system.

<sup>22</sup> It includes a set of procedures reviewed in 2020, complemented by a series of templates and check-lists.

## Operational budget



INEA's operational budget is almost exclusively implemented through grants under direct management. Its system of controls<sup>23</sup> ensures the sound financial management and the legality and regularity of all financial transactions (in total 4,031 payments) related to grants on the operational budget (€3,996 million). Additionally, €1.3 million were paid from the operational budget for programme support (e.g. expert support).

The following table shows the results of the overall analysis of the main quantifiable indicators available, notably the residual error rate and findings from the Internal Audit Service and/ or the Court of Auditors. The results on the cost of controls for the operational budget are described further down.

**Figure 8** Overall conclusions table (amount in EUR million)

	Grants (relevant expenditure in € million)	Residual error rate	Independent info from auditors (IAS, ECA) on assurance or on new/overdue critical recommendations available?	Any reservation?
Marco Polo <sup>24</sup>	3.0	0.33%	N	N
CEF Transport <sup>25</sup>	2,171.2	0.89%	N	N
CEF Energy	395.1	1.89%	N	N
CEF Telecom DSI	55.5	4.73%	N	N
CEF Telecom WiFi4EU	40.6	est. <2%	N	N
H2020 Transport	341.8	2.45%	N	N
H2020 Energy	375.2	2.45%	N	N
Operational budget (Progr. support)	1.3	est. <2%	N	N
Operating budget	30.1	est. <2%	N	N
Total coverage	3,413.8			

In the case of the relatively high residual error rate for CEF Telecom (4.73%), payments made for 2020 represent € 54.1 million. This is less than 5% of the total payments made of INEA (€ 3,997.4 million). The estimated amount at risk at closure for CEF Telecom is

<sup>23</sup> including ex-ante and ex-post controls.

<sup>24</sup> no further audits are carried out for Marco Polo and the reported residual error rate can be considered final.

<sup>25</sup> including relevant expenditure of CEF Synergy Actions.

under € 5 million (€2.23 million). The 'de minimis' thresholds for a quantified financial reservation are not exceeded and therefore no financial reservation is required.

In 2020, there were no cases requiring additional reporting, as per the last revision of the Financial Regulation<sup>26</sup>.

### **1. Effectiveness = the control results and benefits**

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

INEA is using internal control processes to ensure the adequate management of the risks relating to the legality and regularity of the underlying transactions it is responsible for, taking into account the multiannual character of programmes and the nature of the payments concerned. The Agency assesses the effectiveness of its internal control processes per stage as described below. Details are provided in annex 7.

#### **Stage 1 – Evaluation and selection of proposals**

This control stage aims at ensuring that only the best projects meeting the policy objectives are among the selected proposals. For this, the Agency organises the evaluation with the support of external independent experts, according to objective and transparent procedures that ensure equal treatment of all applicants. Several qualitative benefits have been identified. In quantitative terms, the benefits are the requested funding in proposals that were not recommended by the external experts during the evaluation process, amounted to €4.1 billion in calls for proposals finalised in 2020.

#### **Stage 2 – Contracting**

The control objective of this stage is to translate each of the selected proposals into legally binding grant agreements in a way that ensures an optimal allocation of the EU funds. This refers to the grant agreement preparation process that may result in grant reductions compared to the initial proposals. The qualitative benefits identified at this stage are detailed in annex 7. Quantitatively, a total amount of € 79.7 million was not contracted, due to either cancelations or reductions applied during the grant agreement preparation.

#### **Stage 3 – Monitoring the execution**

The overall control objective of this stage is to ensure that the projects are performing according to their schedule and that the payments (or recoveries) made comply with the regulatory and contractual provisions. The execution of the projects is monitored through different means, the results of the ex-ante controls being the most important one. A series of non-quantifiable benefits can be derived from these controls, such as reduced risk of fraud, prevention of errors, deterring effect of controls and accounting data quality.

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<sup>26</sup> Art. 92.3, Art. 125.3, Art.130.4, Art.181.6, Art.193.2.

Quantitatively, €78.9 million (or 2.2%) of the submitted amount of €3.6 billion<sup>27</sup> was rejected due to ineligibility of costs/irregularities<sup>28</sup>.

#### Stage 4 – Ex Post Controls

The ex-post controls (audits) are carried out on the declared costs to the Agency and consist of verifying the legality and regularity of the underlying transactions and consequently the final eligible EU contribution.

As a result of the COVID-19 pandemic and related travel limitations during 2020, INEA – in line with the instructions of the Commission – had to postpone on-the-spot missions until further notice. To minimise the impact of COVID-19 on the implementation of the audit plan INEA converted traditional audit assignments into desk audits, in line with international best practice and auditing standards.

Despite the extremely challenging circumstances due to the pandemic, INEA reached 100% completion of all planned audit ‘fieldwork’ and the target to close 50% of planned audits within the calendar year.

Multi-Annual residual error rates at the end of 2020 are shown in the table below.<sup>29</sup>

Programme / Sector	Detected Error Rate	Residual Error Rate
<b>CEF Transport</b>	1.02%	0.89%
<b>CEF Energy</b>	2.19%	1.89%
<b>CEF Telecom</b>	4.95%	4.73%
<b>H2020</b>	2.95%	2.45%Tbc

Overall, the benefits of this stage can be quantified by the amount of EU contribution corrected in the sequence of the ex-post control activities. In 2020, this amount was estimated at €6.6 million for CEF.

INEA’s portfolio consists of segments with a relatively low error rate, i.e. CEF Transport and segments with a relatively high error rate, i.e. CEF Telecom and H2020. For CEF Energy a large increase in the error rate in 2020 was observed due to one audit with a substantial error.

The higher error rates for CEF Telecom and H2020 are, respectively, due to the inherent risk profile of the programme/CEF sector (largely personnel cost based) and of the beneficiaries including NGO, SME’s and private entities inexperienced in the administrative requirements

<sup>27</sup> 3,429 cost claims completed in 2020.

<sup>28</sup> It is important to highlight that the ineligible amount considered for this purpose refers to invoices with detected irregularities. Other ineligible amounts resulting from overspending or from the maximum ceiling of interim payments set at 80% for CEF were not taken into account for this calculation.

<sup>29</sup> An explanation of the methodology for ex-post controls for each programme under INEA management is provided in annex 5 while details of the results of the controls are provided in Annex 7.

of managing EU funding under direct management, despite the efforts made by the Agency to provide clear guidance and simplification.

The increasing residual error rate for CEF Energy is mainly due to one audit with a substantial error, which in a small population can have a significant effect. The residual error rate remains within tolerable limits. However, due to the proximity of the residual error rate to the materiality threshold, close monitoring of the evolution of the error rate for CEF Energy will be implemented. For CEF Telecom and H2020 with control weaknesses, the (root) causes of the issues are over complex rules for declaration of personnel costs, participation of inexperienced beneficiaries, insufficient quality of the Certificates on the Financial Statements provided by beneficiaries.

Management actions taken to address these weaknesses for CEF Telecom in 2020 were to raise awareness of the issues with beneficiaries, provide enhanced guidance to help avoid future errors and to increase the audit coverage to audit more actions/beneficiaries. Ex-ante control procedures were also modified.

Management actions taken to address these weaknesses for H2020 are notably more extended or specific checks in case of identified risks / irregularities, increased use of the reinforced monitoring IT functionality, pushing beneficiaries to use automated tools made available by the Commission for the reporting of personnel costs. In this context, the improvements made during the reporting year already resulted in an increased awareness and better understanding of the rules on the beneficiaries' side (for costs declaration and CFS requirements, reduced suspensions (in number and length) as well as a continued identification of ineligible costs by the Agency. They may also contribute to reducing the overall residual error over the lifetime of the programme. There are also reflections taking place at a corporate level in order to reduce the residual error rate: improving awareness of beneficiaries, increasing the use of simplified cost options and a possible fixed unit cost for personnel costs.

INEA's relevant expenditure, estimated overall risk at payment, estimated future corrections and risk at closure are disclosed in the table below.

The estimated overall risk at payment for 2020 expenditure amounts to 55.1 M€, representing 1.61 % of the Agency's total relevant expenditure for 2020. This is the AOD's best, conservative estimation of the amount of relevant expenditure during the year not in conformity with the contractual and regulatory provisions applicable at the time the payment was made.

This expenditure will subsequently be subject to ex-post controls and a proportion of the underlying errors will be detected and corrected in subsequent years. The conservatively estimated future corrections for 2020 expenditure amount to 12.9 M€. This is the amount of errors that the Agency conservatively estimates will be identified and corrected by controls planned to be carried out in subsequent years.

The difference between those two amounts results in the estimated overall risk at closure of 42.2 M€, representing 1.24 % of the Agency's total relevant expenditure for 2020.

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

The overall amount at risk at closure decreased by €4 million in 2020 (from an upper limit of €46.5 to €42.2 million) compared to 2019.

For CEF Transport (the largest single budget line in INEA) the amount at risk decreased from €28 million for 2019 to €16 million in 2020, due to a reduced rate of detected error. Conversely, with the increase in detected error rate for CEF Energy, the amount at risk rose from under €1 million in 2019 to almost € 6 million in 2020.

The net impact of the changes in these 2 CEF sectors forms the majority of the downward movement in the overall amount at risk compared to 2019 figures.

Regarding H2020, the overall amount at risk has also slightly decreased.

The average recoveries and corrections and estimated future corrections remained relatively stable overall at 0.38% on average for all programmes, compared to 0.37% in 2019. There was an increase for CEF Energy from 0.12% in 2019 to 0.73% in 2020, but its impact was offset by corresponding reductions for H2020 (0.63% in 2019 to 0.50% in 2020).

## Estimated risk at closure

<b>INEA</b>	Total payments made (2020, m€)	<i>minus</i> new prefinancing (2020, m€)	<i>plus</i> cleared prefinancing (by cost claims) (2020, m€)	relevant expenditure (2020, m€)	Average Error Rate (weighted AER; %) <sup>30</sup>	estimated overall amount at risk <i>at payment</i> (2020, m€)	Average Recoveries and Corrections (%)	estimated future corrections (2020, m€)	<b>estimated overall amount at risk at closure</b> (2020, m€)
(1)	(2)	(3)	(4)	(5)=2-3+4	(6)	(7)=5*6	(8)	(9)=5*8	(10)=7-9
Marco Polo	3.0		0.0	3.0	0.34%	0.01	0.19%	0.01	0.00
CEF Transport <sup>31</sup>	2,639.9	1,582.2	1,113.5	2,171.2	1.02%	22.15	0.27%	5.91	16.24
CEF Energy	386.8	191.3	199.5	395.1	2.19%	8.65	0.73%	2.88	5.77
CEF Telecom DSI	54.1	23.6	25.0	55.5	4.95%	2.75	0.93%	0.52	2.23
CEF Telecom WiFi4EU	40.6			40.6	[0-0.5%]	[0, 0.2]	0.00%	0.00	[0, 0.2]
H2020 Transport	366.7	269.3	244.5	341.8	2.95%	10.08	0.50%	1.71	8.37
H2020 Energy	505.1	329.2	199.3	375.2	2.95%	11.07	0.50%	1.88	9.19
Operational budget (Progr. support)	1.3			1.3	[0-0.5%]	[0, 0.01]	0.00%	0.00	[0, 0.01]
<b>Operational budget</b>	<b>3,997.4</b>	<b>2,395.6</b>	<b>1,781.9</b>	<b>3,383.7</b>	<b>[1.62-1.62%]</b>	<b>[54.7, 54.9]</b>	<b>[0.38%, 0.38%]</b>	<b>12.9</b>	<b>[41.8, 42]</b>
<b>Operating budget</b>	<b>30.1</b>			<b>30.1</b>	<b>[0-0.5%]</b>	<b>[0, 0.2]</b>	<b>0.00%</b>	<b>0.00</b>	<b>[0, 0.2]</b>
<b>Total</b>	<b>4,027.6</b>	<b>2,395.6</b>	<b>1,781.9</b>	<b>3,413.8</b>	<b>[1.60-1.61%]</b>	<b>[54.7, 55.1]</b>	<b>[0.38%, 0.38%]</b>	<b>12.9</b>	<b>[41.8, 42.2]</b>

<sup>30</sup> Residual error rates can be found in the Executive Summary.

<sup>31</sup> including CEF Synergy Actions.

Notes to the table (per column number)

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

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

"Pre-financing paid/cleared" are always covered by the Delegated DGs, even for Cross-SubDelegations.

\* In Cohesion, the (10%) retention made.

(4) Pre-financing actually cleared during the financial year.

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

(6) In order to calculate the weighted Average Error Rate (AER) for the total relevant expenditure in the reporting year, the multi-annual detected error rates have been used. For Horizon 2020, in line with the Research and Innovation family, INEA used as best estimation: the difference between the family expected representative error rate for the full sample (2.95 %), and the INEA H2020 residual error rate, including draft audit reports (2.45%)

(8) For CEF and Marco Polo II, the Average Recoveries and Corrections (ARC) are determined by comparing the auditable expenditure on a multi-annual basis with the total amount to be corrected. Audit results available for the AAR 2020 are the result of audits of relevant expenditure from 2019 or earlier. The amount of relevant expenditure available to be audited at the end of 2019 is compared to the audit corrections (all material errors are or will be corrected). The percentage of audit corrections compared to the auditable expenditure is the ARC.

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

INEA has developed and implemented its own anti-fraud strategy (AFS) since 2013, on the basis of the methodology provided by OLAF. In principle, it is updated every two years.<sup>32</sup> Its implementation is being monitored and reported to the management on a regular basis.

All actions were implemented with the exception of two specific actions with a strong IT dimension related to the WiFi4EU initiative. On the latter, more appropriate indicators should be defined in 2021 based on the lessons learnt from the implementation of the initiative and taking into consideration the recommendation of the audit run by the IAS in 2020<sup>33</sup>.

The results achieved during the year thanks to the anti-fraud measures in place can be summarised as follows:

- 96,8% of INEA staff had followed a training on anti-fraud by the end of 2020. INEA organised two trainings with the support of an OLAF trainer in 2020.
- Specific actions to detect fraud in the Digital Infrastructure Services funded under CEF Telecom have been enhanced. In particular, the validation systems to assess the existence of the services are being regularly updated as a recurrent ongoing activity to implement the AFS Action Plan.

INEA also contributed to the Commission anti-fraud strategy and followed up all OLAF's *financial* recommendations.<sup>34</sup>

On the basis of the available information, INEA has reasonable assurance that the anti-fraud measures in place are effective.

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

One means to assess efficiency is to use indicators that can be easily quantified and continuously evaluated throughout the implementation of programmes. For this, the Agency uses the following three indicators: time-to-inform, time-to-grant and time-to-pay. Below is a short state of play for each indicator.<sup>35</sup>

The **time-to-inform**<sup>36</sup> limit of six months for CEF programme and five months for Horizon 2020 was respected in all cases..

The **time-to-grant** limit of nine months for the CEF programme and eight months for Horizon 2020 has been respected in most cases. The target of 98% for the GAs signed on

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<sup>32</sup> Last update in December 2018; next update in 2021 following the new mandate of the agency.

<sup>33</sup> [Ares\(2020\)7385647](#)

<sup>34</sup> There is one open financial recommendation for which the Agency is in the contradictory procedure to establish the final amount due.

<sup>35</sup> Details can be found in annex 7 including their multi-annual evolution.

<sup>36</sup> Only calls for proposals whose time-to-inform deadline took place in 2020 have been taken into account.

time set in the 2020 Work Programme of the Agency was reached in full for both Horizon 2020 and CEF.

The **time-to-pay** target of 98% (percentage of payment made on time) for the different types of payments (pre-financing, further pre-financing and interim/final payment) was respected in all instances for both Horizon 2020 and CEF. For H2020, 100% of the number of payments were made on time, whereas for CEF and the Legacy programmes, payments were made on time in 99.7% of the cases.

As far as the **timely payments' indicator** is concerned (i.e. payment accepted amount in time/ payment accepted amount in EUR), despite the pandemic INEA managed to achieve 99% which is in line with the EC average.

Timely Payments	EA Score	EC Score
	<b>99%</b>	<b>99%</b>

Apart the quantitative indicators, other initiatives have contributed to increase the efficiency of the implemented controls such as additional and enhanced internal guidance documents and checklists published in the electronic Manual of Procedures.

### **3. Economy = the estimated cost of controls**

The total costs of INEA's overall control system (all stages combined) can be approximated by the costs of staff working in control functions<sup>37</sup> and other related control expenses<sup>38</sup> (€ 25.5 million) and the administrative payments made on the operational budget (€ 1.3 million) which are:

- payments for evaluation experts and reimbursement of translation expenses of proposals (CEF);
- costs for the development and maintenance of TENtec and QlikSense dashboards (CEF);
- payments for monitoring experts (CEF and H2020).

Therefore, the cost of controls amount to € 26.8 million, which led to quantifiable benefits of € 4,235.5 million. More details on the benefits can be found in the section on Effectiveness of the implemented controls and annex 7.

<sup>37</sup> In accordance with the methodology for calculating the cost of controls introduced by the European Commission's central services since 2018.

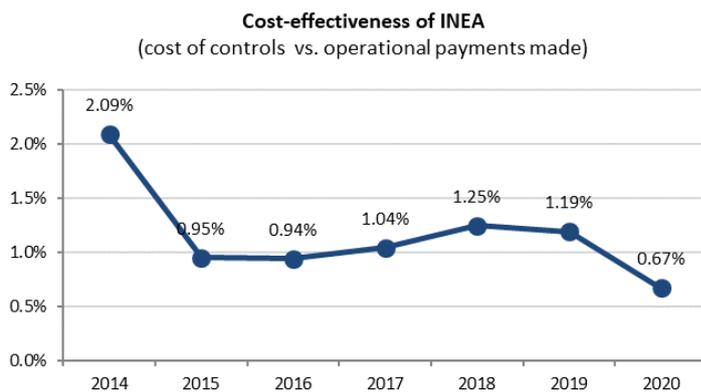
<sup>38</sup> In particular, costs of on-site missions in the context of project monitoring and costs of ex-post audits externally contracted.

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

Based on the most relevant key indicators and control results, INEA 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.

In particular, the analysis showed that the total benefits of controls significantly counterbalance the overall costs of controls.

In addition, when comparing the costs of controls (€ 26.8 million) with the total operational payments made in 2020 (€ 3,996 million), the resulting ratio is set around 0.67%, which



demonstrates the cost-effectiveness of the controls. With the exception of 2014, the ratio remained stable (around 1%) when compared to previous years confirming the trend of low costs of control, as shown in the figure below. The ratio in 2020 was slightly lower, partly because the costs of REA and DG Research&Innovation for

providing support services are no longer considered part of the methodology for calculating cost of controls for INEA<sup>39</sup>. Additionally, higher number of payments under the operational budget were made, with an overall higher amount.

To this should be added a number of non-quantifiable benefits of the different control stages, as detailed in annex 7.

The system of controls in place is therefore considered suitable to fulfil the intended control objectives efficiently and at a reasonable cost. This conclusion is attested by the satisfactory balance between low error rates, swift time-to-pay and low costs of controls.

#### 2.1.2 Audit observations and recommendations

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

<sup>39</sup> Details of the estimated cost related to shared/pooled control activities carried out by REA and hosted by DG RTD (Common Implementation Centre; Common Audit Service) for the Research and Innovation family are reported in the Annual Activity Reports of REA and RTD.

### **Internal Audit Service (IAS)**

In 2020, six assurance engagements were relevant to INEA, focusing strictly on INEA activities or multi-DG audits. Details for the main audits are provided in annex 8. A number of recommendations (none of them critical and only one very important<sup>40</sup>) were issued, which will be addressed by dedicated action plans to be finalised and implemented by the Agency as of the beginning of 2021. In its contribution to the 2020 Annual Activity Report process, the IAS issued the limited conclusion of the Internal Auditor on the state of INEA's internal control, which concluded that the internal control systems in place for the audited processes are effective, except for the above-mentioned very important recommendation. The action plan with the measures to address this very important recommendation, as well as two other less significant recommendations made within the same audit, was defined and agreed with the Internal Audit Service and will be implemented by the Agency as of the beginning of 2021.

### **European Court of Auditors (ECA)**

In 2020, INEA was subject to the recurring ECA financial audits on the Declaration of Assurance (DAS) and on audits on the administrative and on the operational annual accounts. No important or critical shortcomings were identified. Furthermore, the Agency provided support to its parent DGs in the context of four ECA special audits and one follow-up audit. Finally, the Agency contributed to the finalisation of the action plan addressing the recommendations issued by the ECA in the context of the special audit on the performance of INEA<sup>41</sup>. A number of actions were already implemented and INEA will work together with its parent DGs in the implementation of the remaining ones as of 2021. For further details, please refer to annex 8.

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

The Commission has adopted an Internal Control Framework based on international good practice, to ensure the achievement of its policy and management objectives. Compliance with the internal control framework is a compulsory requirement.

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

As detailed in annex 8, INEA assessed its internal control system during the reporting year taking into account information from various sources, notably (but not exclusively):

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<sup>40</sup> In the context of the IAS audit on the "Effectiveness of the design and of the implementation of the ex-post control strategy for the Connecting Europe Facility in the Innovation and Networks Executive Agency"

<sup>41</sup> [Special Report 19/2019](#)

- The audit recommendations from the IAS and ECA, including the limited conclusion of the Internal Auditor on the state of internal control;
- The risk management activities;
- The results of the checks on the internal control monitoring criteria of the Agency;
- The deviation register (exceptions and non-compliance).

### **Conclusion on the internal control system**

INEA's internal control system is effective and functioning as intended. The components and principles of INEA's Internal Control Framework are present and functioning well, but some improvements are needed as deficiencies were identified related to fraud prevention, internal procedures and quality and relevance of information. Some improvements and/or remedial measures have already been implemented whereas others will be part of dedicated action plans targeting the areas with identified deficiencies.

Overall, although some deficiencies were identified and their global impact determined, the self-assessment did not result in the identification of any major weaknesses, errors or actions that could jeopardise the overall effectiveness of INEA's internal control system.

In addition, on matters of internal control, the Agency also builds upon the good working relations with other executive agencies, the central Commission services and the parent DGs. These working relations materialise into a series of initiatives that range from regular meetings to the organisation of events on matters of internal control and risk assessment<sup>42</sup>.

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

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

The information reported in Section 2.1 stems from the results of management and auditor monitoring and systematic analysis of the elements listed. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a comprehensive coverage of the budget delegated to the Director of INEA.

On this basis, INEA's management trusts that resources assigned in 2020 to the activities described in this report are used for the intended purpose following sound financial management, and that the control system in place gives the necessary guarantees

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<sup>42</sup> In 2020, the Agency organised training sessions on risk management in collaboration with EASME and on internal control in collaboration with the shared resources directorate of DG MOVE and DG ENER.

concerning the legality and regularity of the underlying transactions. Furthermore, the relatively high error rate of CEF telecom does not lead to a financial reservation, in light of its limited financial impact (as described in section 2.1.1. of this report), and thus should not have bearing on the assurance.

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

### **2.1.5 Declaration of Assurance**

*I, the undersigned,*

*Director of INEA,*

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

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

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

*This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the Internal Audit Service and the lessons learnt from the reports of the 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 INEA or those of the Commission.*

*Brussels, 23 March 2021*

*(e-signed)*

*Dirk Beckers*

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

## 2.2 Modern and efficient administration – other aspects<sup>44</sup>

### 2.2.1 Human resource management

#### Recruitment and personnel management

At the end of 2020, INEA had 312 active staff out of 332 staff foreseen in the Establishment Plan for 2020 – representing 25 different EU nationalities. The Agency also had up to 18 external staff members, including interim staff, trainees and consultants. Despite the challenges faced at the beginning of the pandemic, INEA managed to quickly adapt its processes speeding up the recruitments in the second half of the year. As a result, at the end of the reporting period the vacancy and turnover rates were below 6 % and 7% respectively.

Three pulse surveys were launched by DG HR in the period of December 2020 - January 2021. They aimed at assessing how staff is dealing with the COVID-19 confinement. INEA registered lower percentages for the staff wellbeing and staff engagement index compared to the Commission staff survey done in 2018, which clearly showed the impact of the crisis. Several measures have already been undertaken to address staff concerns. More details can be found in Annex 9.

#### Career and Learning & Development

INEA introduced the first **4+ Year Career Talk**, an initiative for staff members who have been in their posts for four or more years in order to support them in their career progression. In addition, the HR sector introduced a new **Training plan** to cover the learning needs of staff for 2020. In November, INEA participated in the **Online Career days 2020**, in the Executive Agencies panel, as an opportunity to present the profile of the Agency during the new MFF. With special attention to **newcomers**, and in order to better orientate them in the Agency, the HR sector prepared a series of short animations introducing the various services provided.



#### Staff well-being and working environment

The Agency's management team signed a **Management Charter** which reflects the team's commitment to work together, to promote staff motivation and to continually strive to develop INEA's working environment.

A **preventive framework** was developed based on the Commission's Health and Well-being strategy 2017-2020. It includes health measures already taken in the past as well

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<sup>44</sup> Additional reporting details on Human Resources, Information Management and External Communication are provided in Annex 9.

as planned in the future in three pillars: physical, mental and social. Despite the pandemic, a substantial decrease in the sick leave rate is to be noted in 2020.

To promote healthy lifestyle and staff well-being, the Agency took part in different events in the context of the Commission's programme '**fit@work**' (VeloMai, walking challenge) as well as in other trainings, organised by other DGs such as 'ergonomics@home'.



A **Green Team** has been entrusted by the Management to draft and implement a roadmap to make INEA a carbon neutral workplace.

## 2.2.2 Information management

### IT infrastructure

Since the first COVID-19 lockdown in mid-March, the Agency's IT infrastructure worked tirelessly to maintain stable remote-system connections and to provide high quality support services to INEA staff as **teleworking** became the norm. Corporate laptops were progressively distributed to all staff and new corporate tools as well as the qualified electronic signature in ARES were deployed.

### IT developments

IT developments were delivered according to the work plan. A new version of the Grant Agreement Module went live in TENtec, allowing automatic generation of grant agreements for actions using the lump sum cost model and the management of terminated grant agreements. Furthermore, the processes of submission and evaluation of calls as well as the ASRs submission from beneficiaries were fully supported. In the framework of the discussions on the on-boarding into the eGrants corporate solution, among many other actions, INEA developed a complementary module allowing the submission of geographical data on proposals.

**New QlikSense modules on diverse topics (amongst others ASRs, KPIs, PCIs and WiFi4EU)** were introduced, as part of the Agency's goal to enhance management reporting. The tool withdraws data from underlying systems such as ABAC, Compass and TENtec and displays real-time information in a user-friendly manner to support the main business processes of the Agency as well as the implementation of its delegated programmes. In parallel, the **E-Manual of Procedures** within INEA's Intranet site was completed. It provides a sleeker and smoother navigation tool for INEA staff, featuring new menus and a few new items such as a subscription link for pages and posting comments.

## Data protection

In 2020, INEA addressed the horizontal target of awareness raising and compliance to data protection obligations. Some main actions are outlined below:

- A dedicated page on data protection that contains all relevant procedures to comply with the EU Data Protection Regulation including a process in case of data breach and a list of data protection contract points per controller was published in the e-Manual of Procedure on the INEA intranet.
- Almost 80 % of the records were finalised by 31/12/20 and published on-line in the Agency's Public Register.
- A register for data requests was created; data subjects are informed of their rights via the data protection notices published on INEA's internal or external websites.

### 2.2.3 External communication activities

As more Horizon 2020 and CEF programme actions are progressing well with tangible results, in 2020, INEA focused on communicating project results and successes, and promoting synergies.

**Project stories** were promoted on INEA's website, via its social media channels: [Twitter](#) and [LinkedIn](#), in [digital publications, CORDIS packs and Corridor Reports](#), at virtual event exhibitions, and 385 success stories were shared with parent DGs for promotion via their own channels. INEA also provided communication support to parent DGs own campaigns – such as DG CNECT's WiFi4EU success stories campaign. In addition, as part of its Social Media Strategy, the Agency launched a new [YouTube Channel](#). To date it contains playlists of links to over 570 videos from projects managed by INEA. This channel has increased the Agency's online presence and dissemination of project information.



Several **publications** were produced throughout the year<sup>45</sup> such as a new [leaflet](#) targeting potential beneficiaries and the general public. It highlights the Agency's long history of effective programme management and the relationships built with beneficiaries, as well as important examples of H2020 and CEF actions that support the Commission's priorities.

The Agency actively supported central corporate communication - both internal and external - via its website, social media channels and internal communication channels.<sup>46</sup>

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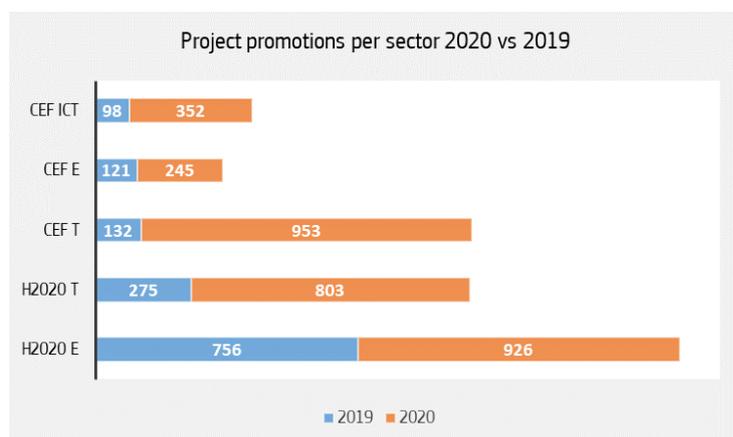
<sup>45</sup> Please see programme sections for additional information on sector-specific publications.

<sup>46</sup> It included COVID-19 and disinformation, the State of the Union, the common European Coronavirus response and the pledging event, Europe Day, the eTranslation tool, the Gender Equality Strategy, cultural heritage, Europeana and the European Digital Media Observatory, VeloMai and EMAS.

INEA also promoted the EC public consultations on TEN-E Revision, the 2030 Climate Target Plan, and the Sustainable and Smart Mobility Strategy.

## 2.2.4 Special initiatives to improve 'economy' and 'efficiency' of the financial and non-financial activities

### Initiative 1



During the first quarter, the Agency launched a '**Projects Results Campaign**' to increase communication on project results and successes compared to the previous year. Based on a strategic approach, using new modules developed in QlikSense and TENtec, with new guidelines for staff, as well as information collected via a beneficiary survey,

INEA has worked together with its partners to multiply the promotion of successful projects and synergies. As a result, in total the number of project promotions via INEA's communication channels was more than doubled, with **3344** promotions in 2020, compared to 1522 in 2019 (in some cases, such as CEF Transport the increase is more than 6 times compared to one year before).

### Initiative 2

Since 2018, INEA has been developing an interactive dashboard tool (QlikSense), which allows for better data visualisation and analysis. The initial purpose of QlikSense was to improve internal management reporting. However, the tool has also been used to facilitate **data and information sharing between the Agency and its parent DGs**. In 2020 INEA trialled dedicated parent DGs QlikSense reports<sup>47</sup> and following the successful deployment, the Agency has agreed to fully roll-out services as of 2021 for CEF Transport. INEA has also supported data sharing on WiFi4EU by preparing a dedicated QlikSense report that is used to update the public dashboard managed by DG CNECT.

<sup>47</sup> for DG ENER and DG MOVE.

