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European Commission

Annual Activity Report 2025

annexes

DG RESEARCH AND INNOVATION

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ANNEX 1: Statement of the Director(s) in charge of Risk Management and Internal Control

I declare that in accordance with the Commission's communication on the internal control framework ([1]), I have reported my advice and recommendations on the overall state of internal control in the DG to the Director-General.

I hereby certify that the information provided in Section 2 of the present Annual Activity Report and in its annexes is, to the best of my knowledge, accurate and complete.

Date: 07/04/2026

[Signed in ARES]

Michalea Di Bucci

Director Research and Innovation.F (Internal Support Services & Communication)

I hereby certify that the information provided in sections 1 and 3 of the present annual activity report and in its annexes is, to the best of my knowledge, accurate and complete.

Date: 02/04/2026

[Signed in ARES]

Amaury Nève de Mévergnies

Head of Unit 01 (Coordination & Interinstitutional Relations)

([1]) C(2017)2373 of 19.04.2017

ANNEX 2: Performance tables

General objective 1: A new plan for Europe's sustainable prosperity and competitiveness

Specific Objective 1.1: Fostering the EU's Scientific and Technological Progress

Related to spending programme(s): Horizon Europe, Euratom

Result indicator 1.1.1 Peer-reviewed scientific publications

Explanation: Peer-reviewed scientific publications" indicator covers all peer-reviewed scientific publications produced by all activities funded by the programme, whether they are indirect (from all grants, partnerships, EU missions) or direct (JRC).

Source of data: Indirect activities: EC administrative and monitoring data submitted by participants & Project reporting and SCOPUS. Direct activities: SCOPUS

This result indicator is selected as a KPI

Baseline (2024)	**Interim milestone** (2027)	**Target** (2029)	**Latest known results** (2025)
9719	90000	184850	24378

Main outputs in 2025:

New policy initiatives

Output	**Indicator**	**Target**	**Latest known results** (2025)
European Strategy for AI in Science & paving the way for the Resource for AI Science in Europe (RAISE)	Adoption of the strategy	Q3	Adopted in Q3

Major implementation activities and enforcement actions			
Output	**Indicator**	**Target**	**Latest known results** (situation on 31/12/2025)
Next steps for bringing the European Collaborative Cloud for Cultural Heritage to full speed for a new collaborative digital dimension to cultural heritage R&I	Start of the deployment of the cloud infrastructure and application layer. [Reach the EUR 110 million target budget volume under Horizon Europe for this initiative.	- Launch of two cascading grant calls focused on engagement and collaboration (Q1 and Q3), - Provision of an inventory and integration strategy for existing datasets, tools, and workflows with potential for reuse (Q4). - Deployment of the final version of the application layer architecture (Q4) - Launch of last call for proposals for the cloud in the work programme 2025	Achieved Delayed. Work is ongoing and progressing well, but not yet finalised Delayed. Application layer architecture defined, but not deployed Achieved
Other major outputs			
Output	**Indicator**	**Target**	**Latest known results** (situation on 31/12/2025)
Supporting impactful R&I reforms and investments in Member States	Number of Policy Support Facility (PSF) exercises	4 Mutual Learning Exercises (MLEs) and 3 PSF countries	Achieved
Strengthening social and economic impact of R&I activities and programmes	Publication of the report on social sciences and Humanities integration in Horizon Europe	Q2	Achieved
Blueprint of the European Digital Twin of the Ocean (DTO)	Delivery of Blueprint	Q4	Achieved

Specific Objective 1.2: Accelerating the conversion of emerging research into transformative innovation that is commercialised and scaled up in the EU

Related to spending programme(s): Horizon Europe, Euratom

Result indicator 1.2.1: Number of Intellectual Property Rights (IPR) produced by financed projects and researchers measured in number of Intellectual Property Rights (IPR) reported in all ongoing and finished Horizon Europe and Euratom direct and indirect action
Explanation:
Source of data:
This result indicator is selected as a KPI

Baseline (2024)	**Interim milestone** (2027)	**Target** (2029)	**Latest known results** (situation on 31/12/2025)
124	900	1791	285

Baseline (2024)	**Interim milestone** (2027)	**Target** (2029)	**Latest known results** (situation on 31/12/2025)
Result indicator 1.2.2 Startups financed by the R&I framework programmes **Explanation: To accelerate the conversion of emerging research into transformative innovation, the role of startups is critical. Horizon Europe aims to finance startups and scaleups to commercialise innovation on the market. The indicator is calculated as a simple count of the number of startups beneficiaries all ongoing and finished Horizon Europe and Euratom indirect action. The indicator is on hold pending the approval of an official DG RTD operational definition of startups, expected in 2026.** **Source of data: Indirect activities: EC administrative and monitoring data submitted by participants.**			
Baseline (2024)	Interim milestone (2027)	Target (2029)	Latest known results (2025)
Under development	Under development	Under development	Under development (**The indicator is on hold pending the approval of an official DG RTD operational definition of startups, expected in 2026**.)

Main outputs in 2025:

New policy initiatives

Output	**Indicator**	**Target**	**Latest known results** (situation on 31/12/2025)
EU start-up and scale-up strategy	Adoption of a Commission Communication	May 2025	Achieved
Build the necessary metrology capacities in the Single Market	Proposal for a Council Recommendation	Q4	Delayed. Still under discussion.

Major public consultations

Output	**Indicator**	**Target**	**Latest known results** (situation on 31/12/2025)
Supporting the competitiveness of EU by seeking new ways to support the deployment and uptake of innovative health solutions by industry via the IHI Joint Undertaking	3 calls for proposals launched for a budget over EUR 330 million.	Q2	Achieved
	Investment by contributing partners	EUR 50 million	Achieved

Output	Indicator	Target	Latest known results (situation on 31/12/2025)
Advancing the development and use of new or improved health technologies for tackling infectious diseases by supporting the conduct of the clinical trials in Sub Saharan Africa via the EDCTP Joint Undertakings	EU investment in R&I actions	EUR 12 million	13 clinical trials on new or improved health technologies with EU contributions of EUR 77.3 million were started in 2025
Other major outputs			
Output	**Indicator**	**Target**	**Latest known results** (situation on 31/12/2025)
EU Industrial R&D Investment Scoreboard 2025 and developing further strategic indicators for industrial R&I	Publication	Q4	Achieved
European Innovation Scoreboard (EIS) 2025	Publication of the EIS 2025	Q2-Q3	Achieved
Regional Innovation Scoreboard (RIS) 2025	Publication of the RIS 2025	Q2-Q3	Achieved
Enlarge the EU trusted Investors' network	Over 100 key investors	Q2	Achieved
Knowledge Valorisation Awareness Raising Campaign	Number of national events	4	2 national events (Poland and Italy)
	Number of participants at annual event	700	Achieved
	Number of views for Knowledge Valorisation Talks	1000 per session / 6 sessions	Achieved
Open EIC transition to develop innovations from research results from ERC and horizon Europe pillar 2 and include the integration of further elements of the DARPA Model into the EIC	Adoption of EIC Work Programme 2026 with relevant provisions.	Q3	Achieved
EIC Fund leveraging private investment	3-5 times the EIC contribution, including STEP and other scaleup funding	End of 2025	Achieved

General objective 1: A new plan for Europe's sustainable prosperity and competitiveness

Specific Objective 1.3: Facilitating Green & Digital transitions, promoting innovative health solutions, and fostering clean, sustainable economic growth

Related to spending programme(s): Horizon Europe, Euratom

Result indicator 1.3.1 Peer-reviewed output aimed at supporting green and digital transition and innovative health solutions

Explanation: Research financed by the spending programmes should contribute to the green and digital transition through peer-reviewed publications and proceedings. This indicator covers all peer-reviewed scientific publications produced by all activities funded by the programme, which has been flagged as a policy priority the green and digital transition as well as health

Source of data: Indirect activities: EC administrative and monitoring data submitted by participants & Project reporting and SCOPUS. Direct activities: SCOPUS.

This result indicator is selected as a KPI

Baseline (2024)	**Interim milestone** (2027)	**Target** (2029)	**Latest known results** (2025)
35 %	Higher than the baseline	Higher than the baseline	59%

Result indicator 1.3.2 Patents aimed at the green and digital transition

Explanation: Research financed by the spending programmes should contribute to the green and digital transition in their patent output. This indicator covers all patents produced by all activities funded by the programme, which has been flagged as a policy priority the green and digital transition.

Source of data: Indirect activities: EC administrative and monitoring data submitted by participants; External patent database: EPO. Direct activities: For Patent: EURECA/Commission Central IP Service (JRC).

Baseline (2024)	Interim milestone (2027)	Target (2029)	Latest known results (2025)
42	Under development	Under development	162

Main outputs in 2025:

New policy initiatives

Output	**Indicator**	**Target**	**Latest known results** (situation on 31/12/2025)
The EU Fusion Strategy	Publication of the EU Fusion Strategy	Q4	Postponed to Q2 2026
The new Industrial Maritime Strategy	Publication of the Industrial Maritime Strategy	Q4	Postponed to Q1 2026
Communication 'A Strategy for European life sciences'	Communication adopted	Q3	Achieved

Output	Indicator	Target	Latest known results (situation on 31/12/2025)
Contribution to the EU Bioeconomy Strategy	Adoption of new EU Bioeconomy Strategy	Q4	Achieved
Initiatives linked to regulatory simplification and burden reduction			
Output	**Indicator**	**Target**	**Latest known results** (situation on 31/12/2025)
Reform of the Research Fund for Coal and Steel	Proposal for a Council Decision	Q4	Achieved
Major public consultations			
Output	**Indicator**	**Target**	**Latest known results** (situation on 31/12/2025)
Consultation on the EU Strategy on R&I in aviation	Launch of the consultation	Q4	Delayed
Major implementation activities and enforcement actions			
Output	**Indicator**	**Target**	**Latest known results** (situation on 31/12/2025)
The Industrial Action Plan	Prepare a Memorandum of Understanding (MoU) between the existing automotive R&I related Partnerships at EU level, including Towards Zero-emission Road Transport (2Zero), Connected, Cooperative and Automated Mobility (CCAM), Batteries (Batt4EU) and the Chips Joint Undertaking for signature by Q3 2025 Ensure that there is a clear R&I pillar inside the proposed European Connected and Autonomous Vehicle Alliance (which will be established in 2025, according to the Action Plan)	Q4	Achieved
The implementation of the Strategic Energy Technology (SET) Plan	The SET Plan Steering Group will start work	Q2	Achieved

Other major outputs			
Output	**Indicator**	**Target**	**Latest known results** (situation on 31/12/2025)
An investment plan in Clinical Trials	Number of partnerships with Member States where an agreement for joint and coordinated financing of clinical trials reached by Q4 2025.	2 (ERA4Health, BE Ready)	Achieved for ERA4Health. The BE READY partnership grant started on 1 Jan 2026, and the development of a warm-based clinical research network is a key deliverable. However, the Partnership as such does not intend to fund new clinical trials nor to develop an investment plan for this purpose.
Cancer Mission advances towards its objectives	Investment of EUR 122 million	20 projects funded	Partially achieved. Only 14 new projects were selected for funding. Award decision ongoing
Strategic Research and Innovation Agenda (SRIA) on Health and Climate Change	Publication of the SRIA	Q2	Achieved
Safe and sustainable by design chemicals and materials	Review and update of the 2022 Commission Recommendation	Q4	Delayed. The interservice consultation on the Recommendation is finished and the request for adoption procedure has been launched.
Blueprint for a coordinated R&I funding for the transition to the Circular Economy (CE)	Delivery of Blueprint	Q4	Delayed. There was an advancement in a more strategic coordination of R&I funding for circular economy (CE), identifying gaps, streamlining future investments and supporting the upcoming Circular Economy Act.

Specific Objective 1.4: Developing on enabling research ecosystem built on the European Research Area (ERA) and empowering scientific talents

Related to spending programme(s): Horizon Europe, Euratom

Result indicator 1.4.1 Researchers involved in upskilling activities under R&I spending programmes
Explanation: DG RTD's programmes offer to the researchers many various ways to improve their careers and their working conditions. This indicator counts the total count of researchers who have participated in selected upskilling activities such as training, mentoring/coaching, mobility and access to R&I infrastructures.
Source of data: Indirect activities: EC administrative and monitoring data submitted by participants and project reporting. Direct activities: EC administrative data.
This result indicator is selected as a KPI

Baseline (2024)	**Interim milestone** (2027)	**Target** (2029)	**Latest known results** (2025)

91110	129795	129795	126407

Result indicator 1.4.2 Female researchers' participation in R&I EU funded projects

Explanation: DG RTD works to unleash untapped R&I talents, notably by strengthening gender equality in R&I. Balanced participation between women and men in research activities at different stages of the cycle is encouraged. This indicator informs on the number of female researchers funded by the programmes.

Source of data: Indirect activities: EC administrative and monitoring data submitted by participants. Direct activities: EC administrative

Baseline (2024)	**Interim milestone** (2027)	**Target** (2029)	**Latest known results** (2025)
75677 (38,01%)	Higher than the baseline	Higher than the baseline	102016 (38,31%)

Main outputs in 2025:

New policy initiatives

Output	**Indicator**	**Target**	**Latest known results** (situation on 31/12/2025)
ERA Policy Agenda 2025-2027	Adoption of a Council Recommendation.	Q2	Achieved
European Strategy on Research and Technology Infrastructures	Adoption of a Commission Communication.	Q3	Achieved
Preparatory work of the Action Plan for Women in Research & Innovation and Start-ups, and the Proposal for a Council	Completion of the: -Draft Communication on the Action Plan for Women in Research & Innovation and Start-ups	Inter-service groups set up (Q2), Call for evidence (Q2-Q3), Event with selected Horizon Europe projects as a part of the stakeholder consultation strategies of these initiatives (Q3-Q4).	Achieved Call for evidence postponed to Q1 2026
Choose Europe Initiative	Announcement and rolling out of the Choose Europe package	Q2	Partially achieved. 'Choose Europe' initiative to make Europe a magnet for researchers, presented by President von der Leyen on 5 May 2025. On 15 May 2025, announcement of The 'Choose Europe for Science' pilot, part of the MSCA and investing €22.5 million to attract and retain promising young talent in Europe.

Other major outputs			
Output	**Indicator**	**Target**	**Latest known results** (situation on 31/12/2025)
Strengthening gender equality in Research & Innovation policies via the awards for Gender Equality Champions	2024 EU Awards for Gender Equality Champions awarded.	Award ceremony in Q1	Achieved
Strengthening gender equality in Research & Innovation policies via up-dated data and evidence	Publication of the She Figures 2024 report, a key source of comparable, Europe-wide statistics on gender equality in Research and Innovation.	Q1	Achieved
European Open Science Cloud (EOSC) federation build up	Roll out of federation of nodes	Q4	Partially achieved. 13 EOSC Nodes formally committed to providing shared services and access to FAIR research data across Europe. This represents a major milestone in the deployment of EOSC, improving the availability of high-quality, interoperable data and digital services for researchers and facilitating cross-border, interdisciplinary, and data-intensive scientific collaboration.

General objective 2: A new era for European Defence and Security

Specific Objective 2.1: Enhancing research and innovation capabilities for strategic and dual-use technologies

Related to spending programme(s): Horizon Europe, Euratom

Result indicator 2.1.1 Dual use patents funded by the programmes
Explanation: In harnessing the dual use civil-military potential, research which produces dual use patents is critical. This indicator covers all patents produced by research funded by the programmes which has been flagged as dual use.
Indicator subject to adoption of the Commission proposal to amend the Horizon Europe Regulation concerning the exception to the exclusive focus on civil applications for the EIC, in the contest of the implementation of the ReArm Europe Plan.
Source of data: Indirect activities: EC administrative and monitoring data submitted by participants & Project reporting and SCOPUS. Direct activities: SCOPUS.
This result indicator is selected as a KPI

Baseline (2024)	**Interim milestone** (2027)	**Target** (2029)	**Latest known results** (2025)
0	Not available (will be done as the preliminary data will be available)	Not available (will be done as the preliminary data will be available)	Dedicated calls for proposals in this area were in their preparatory phase will be launched in 2026 (during the reporting period and had not yet resulted in signed grant agreements or reportable project data)

Main outputs in 2025:

New policy initiatives

Output	**Indicator**	**Target**	**Latest known results** (situation on 31/12/2025)
Identifying and harnessing the EU's dual-use and civil-military potential	Reports by independent experts	Q2	Achieved

General objective 4: Sustaining our quality of life: food security, water and nature

Specific Objective 4.1: Supporting a competitive and resilient agriculture, food system and protecting water and nature

Related to spending programme(s): Horizon Europe, Euratom

Result indicator 4.1.1 Number of peer-reviewed outputs aimed at improving quality of life measured in %
Explanation: Research financed by the spending programmes contributes to improving resilient agriculture, food security, water resilience, and nature. This indicator covers all peer-reviewed scientific publications and proceedings produced by all activities funded by the programmes which has been flagged as having agriculture, food security, water and nature as policy priorities.
Source of data: Indirect activities: EC administrative and monitoring data submitted by participants & Project reporting and SCOPUS. Direct activities: SCOPUS.
This result indicator is selected as a KPI

Baseline (2024)	**Interim milestone** (2027)	**Target** (2029)	**Latest known results** (2025)
7 %	Higher than the baseline	Higher than the baseline	15%

Main outputs in 2025:

Major implementation activities and enforcement actions

Output	**Indicator**	**Target**	**Latest known results** (situation on 31/12/2025)
EU Mission on Climate-Neutral and Smart Cities (as part of 'Green Missions')	Total of 90 Mission Labels awarded by end of 2025	Q4	Achieved
Mission Adaptation to Climate Change	Number of new projects funded through the Mission part of the main Work Programme for 2025	Q4	Achieved. It has awarded €517m to 61 projects so that over 200 regional and local authorities test and implement innovative resilience measures.
Delivering solutions for implementing the green transition	Contribution to ISGs on European Restoration Law, Climate Adaptation Plan, Climate Law, Finance Taxonomy/sustainable finance initiative	Q4	Achieved

Implementation dialogues, Annual Progress Report(s) and reality checks

Output	**Indicator**	**Target**	**Latest known results** (situation on (2025)
Support European Environment Agency (EEA) through RTD's input in EEA's Management Board and in its Scientific Committee	Meetings attended	Q4	Achieved

Other major outputs			
Output	**Indicator**	**Target**	**Latest known results** (2025)
Mission Adaptation to Climate Change	Number of regions and local authorities that have received technical assistance or support from the activities of the Mission Implementation platform and projects or have implemented concrete actions that are attributable to the EU Mission	Q4	Achieved. The mission has already involved more than 300 regional and local authorities, and it has awarded €517m to 61 projects so that more than 200 regional and local authorities test and implement innovative resilience measures.
Mission Restore Our Ocean and Waters	Mission Ocean Day and Forum of Mission, delivery of Work Programmes (WP)	Q1-Q4	The Ocean Mission Week (including the Forum) took place 3-7 March. With the new WP, we have invested €400m in 80 projects which are developing solutions in +200 local demonstration sites
Biodiversity Partnership	Yearly calls	Q3	Achieved
Agriculture for Data Partnership	Yearly call prepared	Q4	Achieved
Sustainable Blue Economy Partnership	Yearly calls	Q2	Achieved
Water4All Partnership	Yearly calls	Q3	Achieved
 European Ocean pact	Contribution to the Communication and co-lead on R&I strategy	Q2	Achieved
 European Water Resilience Strategy	Contribution to the Communication and co-lead on R&I strategy	Q2	Achieved
7th European Climate Change Adaptation Conference + Mediterranean Forum for the Mission on Adaptation to Climate Change	Double event takes place	Q2	Achieved
Conference on Transformative Change for Biodiversity (40 projects exchange knowledge, co-organised by REA, ERCEA, RTD, JRC)	Event takes place	Q2	Achieved
Mission Forum on Climate Adaptation, together with PL PRES	Event takes place	Q2	Achieved

Output	Indicator	Target	Latest known results (2025)
Cooperation with ESA (European Space Agency) on Earth Intelligence upscaled	Stocktake note	Q4	Achieved

General objective 6: A Global Europe: Leveraging our power and partnerships

Specific Objective 6.1: Contributing to the new economic foreign policy

Related to spending programme(s): Horizon Europe, Euratom

Result indicator 6.1.1 Number of non-EU partners/beneficiaries/legal entities in R&I EU funded projects
Explanation: DG RTD role in science diplomacy aims to support integrations processes, association agreements and cooperation agreements. As result of these actions, the number of non-EU partners in EU-funded projects should increase, signalling the uptake of DG RTD's spending programmes amongst the new beneficiaries' pool.
Source of data: Indirect activities: EC administrative and monitoring data submitted by participants.
This result indicator is selected as a KPI

Baseline (2024)	Interim milestone (2027)	Target (2029)	Latest known results (2025)
6 015	Higher than the baseline	Higher than the baseline	6745

Main outputs in 2025:

New policy initiatives

Output	Indicator	Target	Latest known results (situation on 31/12/2025)
2nd Global Approach Implementation Report	Publication of the document	Q3	Postponed to Q1 2026 due to delayed political validation
1st Research Security Monitor	Publication of the document	Q3	Postponed to Q1 2026 due to delayed political validation
Council Recommendation on Science Diplomacy	Adoption of the Commission proposal	Q3/Q4	Postponed to Q1 2026 due to delayed political validation

Evaluations and fitness checks (part of the stress testing EU acquis)

Output	Indicator	Target	Latest known results (2025)
Interim Evaluation of the PRIMA Partnership (no OPC needed)	Interim Evaluation published	Q4	Delayed to Q1 2026

Major public consultations			
Output	**Indicator**	**Target**	**Latest known results (2025)**
Risk assessment of biotechnologies	Publication of the report	Q2	Achieved.
Other major outputs			
Output	**Indicator**	**Target**	**Latest known results** (2025)
Continue strategic R&I cooperation with like-minded partner countries, notably by completing ongoing Association processes and the efficient implementation of association agreements in place	Preparing the signing of association agreements with the Republic of Korea, Switzerland and Egypt, and conclusion of association negotiations with Japan	Q4	Achieved
	Organisation of 16 Joint Committee meetings with third countries with association agreements in place	Q4	Partially achieved. 13 JCM (including SCPUP with the UK), 3 postponed to Q1 2026 by mutual consent.
Provide support to the integration process of accession countries, including supporting Ukraine's R&I actors and ecosystem	Grants signed by Ukrainian entities.	Q4: >50 grants compared to 2024; Grants signed by EU candidate (and potential candidate) country entities Q4: >250 compared to 2024	Achieved
All Atlantic Ocean Research and Innovation Alliance (AAORIA)	AAORIA Forum and ensuring EU chairmanship in 2025	Q4	Achieved
European Arctic and Polar R&I	Dialogue with European Polar Coordination Office (EPCO) and EU polar cluster; R&I session in EU Arctic Forum	Q1-Q4	Achieved
PRIMA Article 185 Partnership for the Mediterranean R&I cooperation	Yearly calls (Annual Work Plan 2025 already approved)	Annual call for 2025 was launched in Q1-2025. (For the annual work plan 2026 a new call will be launched in Q4-2025 or Q1-2026)	Achieved
IPCC Plenaries	EU attendance	Q1+Q4	Achieved

General objective 8: A modern high performing and sustainable European Commission

Specific Objective 8.1: Providing high performing support to deliver on the Commission's political priorities including the implementation of EU R&I programmes

Related to spending programme(s): Horizon Europe, Euratom

Result indicator 8.1.2 Estimated risk at payment for cost-based expenditure

Explanation: The authorising officer by delegation has reasonable assurance that resources have been used in accordance with the principles of sound financial management, and that cost-effective controls are in place which give the necessary guarantees concerning the legality and regularity of underlying transactions.

Source of data: Common Audit Service which establishes a Common Representative audit Sample (CRaS) for grants of each research framework programme

This result indicator is selected as a KPI

Baseline (2024)	**Interim milestone** (2027)	**Target** (2029)	**Latest known results** (2025)
Estimated Risk at payment Horizon Europe grants: No representative error rate for Horizon Europe is available in 2024 [4]	< 2% of relevant expenditure	< 2% of relevant expenditure	Current overall detected Representative Error Rate: 4.38% (cumulative, all years until the end of 2025).

Result indicator 8.1.1 Level of overall satisfaction with the services and tools provided by DG RTD's Common Implementation Centre

Explanation: The CIC measures the satisfactions of the Commission, executive agencies, joint undertakings users of the eGrant system annually via client survey. The indicator counts the percentage of respondents rating the performance of the eGrants IT tools and services as "very good", "good" or "fair". This indicator is annual.

Source of data: Survey launched via EU Survey to staff in the Commission, Executive Agencies and Joint Undertakings

Baseline (2024)	**Interim milestone** (2027)	**Target** (2029)	**Latest known results** (2025)
88.5%	Higher than the baseline	Higher than the baseline	92,5%

Main outputs in 2025:

New policy initiatives

Output	**Indicator**	**Target**	**Latest known results** (2025)
Delivering on simplification	- Percentage of Horizon Europe budget spent via lump sum funding - Promoting the use of the Personnel Unit Cost option	Up to 50% in the last year of Horizon Europe - Q4 Q4	- Very good progress towards the target, e.g. 50% of the 'main' Horizon Europe work programme 2026-2027 using lump sums. - Uptake of the Personnel Unit Cost option by 5 legal entities, despite continued promotion.

Evaluations and fitness checks (part of the stress testing EU acquis)			
Output	**Indicator**	**Target**	**Latest known results** (2025)
Interim evaluation of Horizon Europe	Publication of Staff Working Document	Q2	Achieved
Major implementation activities and enforcement actions			
Output	**Indicator**	**Target**	**Latest known results** (2025)
Adoption of Horizon Europe's 'main' Work Programme 2025	Adoption of the Commission implementing Decision on the 'main' Work Programme 2025	Q2	Achieved
Preparation of Horizon Europe's 'main' 2026-2027 Work Programme	Adoption of the Commission implementing Decision on the 'main' 2026-2027 Work Programme	Q4	Achieved
Implementation dialogues, Annual Progress Report(s) and reality checks			
Output	**Indicator**	**Target**	**Latest known results** (2025)
Continuing to provide horizontal support to the implementation of EU partnerships	Preparation of calls for proposals, meetings of the EU Partnerships Coordination group, portfolio management activities, and other related actions	Q1-Q4	Achieved
Continuing to provide horizontal support to the implementation of EU Missions	Timely implementation of the actions proposed as follow-up to the 2023 Commission Communication	Q1-Q4	Achieved
Implementation dialogues	First implementation dialogue	Q2 (April)	Achieved
Implementation dialogues	Second implementation dialogue	Q3	Achieved
Reality checks	At least one of the Reality Checks focused on the simplification potential related to research proposal submission, evaluation, grant agreement preparation and grant management	Q3-Q4	Achieved
Annual Progress Report on Enforcement and Implementation for your respective Parliamentary committees and Council formations.	Delivery	Q4	Achieved

Other major outputs			
Output	**Indicator**	**Target**	**Latest known results** (2025)
Ex-ante monitoring of biodiversity targets in Horizon Europe	Guidance for ex-ante monitoring through Horizon Europe tools is updated and applied at R&I and executive agency level. Mainstreaming climate and biodiversity considerations into R&I-related policy initiatives to ensure they are consistently included. Commission reporting on the biodiversity target shows the percentage of Horizon Europe spending on biodiversity.	Q2 Q4	Achieved Achieved
Client Centricity Programme	Launch of the EU Funding & Me mobile application	Q2	Achieved
	Adoption rate by Portal's registered users	30% of Portal's active users have downloaded and used the app - Q4	9.4% of Portal's active users downloaded the app by 31/12
Innovation Platform (as part of the Startup and Scaleup Strategy)	Developments finalised for Phase 1	Q4	Mock-ups, business requirements, services reviews,. (DIR H)
	Definition of the first version (2026) for Phase 2 and validation of technical feasibility	Q4	Achieved
Increased corporate use of eGrants	Continuation of the on-boarding of remaining Direct granting programmes and ensuring continuity of the services provided by eGrants to the on boarded programmes (MFF 2014- 2020 & MFF 2021-2027).	Q4	Partially achieved. Onboarding still ongoing
Contribute to the preparation of the next MFF	Providing significant input to the R&I part of the post-2027 MFF	Q2-Q3	Achieved
Preparation of the impact assessment of the successor programme to Horizon Europe	Publication of the Staff Working Document	Q2-Q3	Achieved
Horizon Europe and Euratom programme 2026 Draft Budget co-designed with all implementing entities	- COM proposal on the Draft Budget 2026 - Voted budget 2026	June 2025 November 2025	Achieved

ANNEX 3: Draft annual accounts and financial reports

Annex 3 – (apply a filter on RTD)

https://dashboard.tech.ec.europa.eu/qs_digit_dashboard_mt/public/extensions/BUDG_Annex3/BUDG_Annex3.html

ANNEX 4: Financial scorecard

The transition in 2025 to the Commission's new accounting system, SUMMA, has required the adjustment to a new system and has impacted budget implementation tasks, processes and financial management activities, particularly during the first part of the year. In some cases, this has resulted in lower performance for some standard financial indicators such as "timely payment" (99%) which is marginally below 100%.

Annex 4 is now available directly in the Financial dashboard (apply a filter on DG RTD):

https://dashboard.tech.ec.europa.eu/qs_digit_dashboard_mt/public/extensions/BUDG_Annex4/BUDG_Annex4.html

ANNEX 5: Materiality criteria

This Annex provides a detailed explanation on how the Authorising Officer by Delegation defined the materiality threshold as a basis for determining whether significant weaknesses should be subject to a formal reservation to his/her declaration.

Introduction

Deciding on whether a weakness is significant is a **matter of judgement** by the Authorising Officer by Delegation, who remains responsible for the declaration of assurance, including any reservations to it. In doing so, he/she should **identify the overall impact of a weakness** and **judge whether it is material** enough so that the non-disclosure of the weakness is likely to have an influence on the decisions or conclusions of the users of the declaration. The benchmark for this judgement is the materiality criteria which the AOD sets when designing the internal control system under his/her responsibility. For DG RTD, the materiality of residual weaknesses identified (i.e. after mitigating and corrective measures) is assessed based on qualitative and/or quantitative criteria, in line with the instructions for the preparation of the Annual Activity Report.

The **qualitative assessment** includes an analysis of the causes and the types of error (including whether they are repetitive) to conclude on the nature, context and/or scope of the weaknesses identified. This may refer to significant control system weaknesses or critical issues reported by the Directors, the Authorising Officers by Sub-Delegation, the European Court of Auditors (ECA), the Internal Audit Service (IAS), DG BUDG or OLAF. Also, the duration and any mitigating controls or corrective actions are taken into consideration.

The **quantitative assessment** aims at estimating any financial impact ("amount at risk") resulting from the errors detected. DG RTD has set the materiality level for each distinct research framework programme with coherent risk characteristics for the amount at risk over the programming period. This analysis and the conclusions are presented concisely in the body of the Annual Activity report.

Chapter A – Qualitative criteria for defining significant weaknesses

For all methods of implementation under its operational budget, the different parameters relevant in DG RTD for determining significant weaknesses are the following ones:

- **Significant control system weaknesses**

Control system weaknesses (whether this is in a system operated by the Commission or by a third party) may be identified by management itself (for example through ex-post audits or through the assessment of the effectiveness of internal control systems), by internal or external auditors or by third party control instances. They may relate to the design or operational effectiveness of a control or of an entire system.

- **Critical issues outlined by the European Court of Auditors, the Internal Audit Service, DG BUDG and OLAF.**

Any critical recommendations made by the European Court of Auditors, the IAS, DG BUDG or OLAF, which have not been effectively addressed should be assessed in terms of their significance. Here, the term "critical recommendation" is used in a wider sense; it includes those recommendations labelled by the auditor as "critical" as well as those not labelled at all which is assessed as having a critical impact on the assurance.

The impact on assurance of recommendations labelled "very important" for which there is a significant delay in the implementation of the Action Plan will also be taken into account.

- **Significant reputational events**

Events or weaknesses which have a significant reputational impact on DG RTD, or indirectly on the Commission, will be reported irrespective of the amount of damage to DG RTD administrative and operational budget and will be considered for issuing a reservation on a reputational basis.

When assessing the significance of any weaknesses, the following factors are considered:

- the nature and scope of the weakness;
- the duration of the weakness;
- the existence of compensatory measures (mitigating controls which reduce the impact of the weakness)
- the existence of effective corrective actions to correct the weaknesses (Action Plans and financial corrections) which have had a measurable impact.

When significant weaknesses are identified, a quantification of the amount at risk should be carried out when possible (See Chapter B).

Chapter B – Quantitative criteria for defining reservations

DG Research and Innovation's expenditure is composed of indirectly managed grants, directly managed grants, financial instruments, contribution to administrative expenditure of Executive Agencies and other direct spending mostly of an administrative nature. The error rate affecting payments is estimated yearly and per management system, following a methodology that takes into account the risk associated to the type of expenditure.

Considering that the research framework programmes' implementing bodies ([2]) are sharing a common ex-post audit approach, and an important part of DG RTD yearly expenditure is related to indirectly or directly managed research grants, the following section focusses on this specific management system.

Research framework programmes – common aspects

The assessment of the effectiveness of the different programmes' control system is based mainly, but not exclusively, on ex-post controls results. The effectiveness is expressed in terms of detected and residual error rate, calculated on a representative sample on a multi-annual basis.

Assessment of the effectiveness of controls

The starting point to determine the effectiveness of the controls in place is the cumulative level of error expressed as the percentage of errors in favour of the EU budget, detected by ex-post controls, measured with respect to the amounts accepted after ex-ante controls.

However, to take into account the impact of the ex-post controls, this error level is adjusted by subtracting:

([2]) Directorates General, Executive Agencies and Joint Undertakings (also called Article 187 bodies) implementing grants of the Research Framework Programmes.

- Errors detected and corrected as a result of the implementation of audit conclusions.

- Errors corrected as a result of the extension of audit results to non-audited contracts with the same beneficiary.

This results in a residual error rate —used for H2020 and Horizon Europe ([3])—which is calculated as follows:

$$\text{Re } sER\% = \frac{(\text{Re } pER\% * (P - A)) - (\text{Re } pERsys\% * E)}{P}$$

where:

ResER% residual error rate, expressed as a percentage.

RepER% representative error rate, or error rate detected in the common representative sample, expressed as a percentage. The RepER% is composed of complementary portions reflecting the proportion of negative systemic and non-systemic errors detected. This rate is the same for all implementing entities, without prejudice to possibly individual detected error rates.

RepERsys% portion of the RepER% representing negative systemic errors, (expressed as a percentage). The RepERsys% is the same for all entities and it is calculated from the same set of results as the RepER%

P total requested EC contribution (€) in the auditable population (i.e. all paid financial statements).

A total requested EC contribution (€) as approved by financial officers of all audited financial statements. This will be collected from audit results.

E total non-audited requested EC contribution (€) of all audited beneficiaries.

The Common Representative Sample (CRS) is the starting point for the calculation of the residual error rate. It is representative of the expenditure of each Framework Programme (FP) as a whole. Nevertheless, the Director-General (or Director for the Executive Agencies) must also take into account other information when considering if the overall residual error rate is a sufficient basis on which to draw a conclusion on assurance (or make a reservation) for specific segment(s) of Horizon 2020/Horizon Europe. This information may include the results of other ex-post controls, ex-ante controls, risk assessments, audit reports from external or internal auditors, among others. All this information may be used in assessing the overall impact of a weakness and considering whether to make a reservation or not.

If the CRS results are not used as the basis for calculating the residual error rate this must be clearly disclosed in the AAR, along with details of why and how the final judgement was made.

Should a calculation of the residual error rate based on a representative sample not be possible for a FP for reasons not involving control deficiencies ([4]), the consequences are to be assessed quantitatively by making a best estimate of the likely exposure for the reporting year based on all available information. The relative

([3]) The HORIZON population is stratified in two: one stratum composed of financial statements for actual costs reimbursements (including unit costs and specific unit costs) and a second stratum composed only of financial statements of lump sums specific grants (ex post controls based on technical reviews). As indicated in the formula, the calculation of the residual error rate for the Programme will be derived from both strata.

([4]) Such as, for instance, when the number of results from a statistically representative sample collected at a given point in time is not sufficient to calculate a reliable error rate.

impact on the Declaration of Assurance would then be considered by analysing the available information on qualitative grounds and considering evidence from other sources and areas. This should be clearly explained in the AAR.

Multiannual approach

The Commission's central services' guidance relating to the quantitative materiality threshold refers to a percentage of the authorised payments of the reporting year of the Activity Based Budgeting (ABB) expenditure. However, the Guidance on AARs also allows a multi-annual approach, especially for budget areas (e.g., programmes) for which a multi-annual control system is more effective. In such cases, the calculation of errors, corrections, and materiality of the residual amount at risk should be done on a "cumulative basis" on the basis of the totals over the entire programme lifecycle.

Because of its multiannual nature, the effectiveness of the Research and Innovation family services' control strategy can only be fully measured and assessed at the final stages in the life of the framework programme, once the ex-post audit strategy has been fully implemented and systemic errors have been detected and corrected.

In addition, basing materiality solely on ABB expenditure for one year may not provide the most appropriate basis for judgements, as ABB expenditure often includes significant levels of pre-financing expenditure (e.g., during the initial years of a new generation of programmes), as well as reimbursements (interim and final payments) based on cost claims that 'clear' those pre-financings. Pre-financing expenditure is very low risk, being paid automatically after the signature of the contract.

Notwithstanding the multiannual span of their control strategy, the Directors-General (and the Directors of the Executive Agencies and Joint Undertakings) implementing Research and Innovation Framework Programmes are required to sign a statement of assurance for each financial reporting year. In order to determine whether to qualify this statement of assurance with a reservation, the effectiveness of the control systems in place needs to be assessed not only for the year of reference but also with a multiannual perspective, to determine whether it is possible to reasonably conclude that the control objectives will be met in the future as foreseen.

In view of the crucial role of ex-post audits defined in the respective common audit strategies, this assessment needs to check in particular whether the scope and results of the ex-post audits carried out until the end of the reporting period are sufficient and adequate to meet the multiannual control strategy goals.

The criteria for making a decision on whether there is material error in the expenditure of the DG or service, and thus, on whether to make a reservation in the AAR, will therefore be principally, though not necessarily exclusively, based on the level of error identified in ex-post financial audits and ex-post technical reviews of cost claims on a multi-annual basis.

Adequacy of the audit scope

The quantity of the (cumulative) audit effort carried out until the end of each year is measured by the actual volume of audits completed. The data is to be shown per year and cumulated, in line with the current AAR presentation of error rates. The multiannual planning and results should be reported in sufficient detail to allow the reader to form an opinion on whether the strategy is on course as foreseen.

The Director-General (or Director for the Executive Agencies) should form a qualitative opinion to determine whether deviations from the multiannual plan are of such significance that they seriously endanger the

achievement of the internal control objective. In such a case, they would be expected to qualify their annual statement of assurance with a reservation.

Research Framework programmes – specific aspects

The control system of each framework programme is designed to achieve the operational and financial control objectives set in their respective legislative base and legal framework. If the effectiveness of those control systems does not reach the expected level, a reservation must be issued in the annual activity report and corrective measures should be taken.

As each programme has a different control system, the following section details the considerations leading to the establishment of their respective materiality threshold and the conclusions to draw with regard to the declaration of assurance.

Horizon 2020 Framework Programme

The control system established for Horizon 2020 is designed to achieve a control result in a range of 2-5% detected error rate, which should be as close as possible to 2%, after corrections. Consequently, this range has been considered in the legislation as the control objective set for the framework programme.

This is based on the provision of the Commission's proposal for the Regulation establishing the Horizon 2020 Framework Programme([5]) states that:

It remains the ultimate objective of the Commission to achieve a residual error rate of less than 2% of total expenditure over the lifetime of the programme, and to that end, it has introduced a number of simplification measures. However, other objectives such as the attractiveness and the success of the EU research policy, international competitiveness, scientific excellence and in particular, the costs of controls need to be considered.

Taking these elements in balance, it is proposed that the Directorates General charged with the implementation of the research and innovation budget will establish a cost-effective internal control system that will give reasonable assurance that the risk of error over the course of the multiannual expenditure period is, on an annual basis, within a range of 2-5%, with the ultimate aim to achieve a residual level of error as close as possible to 2 % at the closure of the multi-annual programmes, once the financial impact of all audits, correction and recovery measures have been taken into account.

Horizon 2020 introduces a significant number of important simplification measures that will lower the error rate in all the categories of error. However, [...] the continuation of a funding model based on the reimbursement of actual costs is the favoured option. A systematic resort to output-based funding, flat rates or lump sums appears premature at this stage [...]. Retaining a system based on the reimbursement of actual costs does however mean that errors will continue to occur.

An analysis of errors identified during audits of the Seventh Framework Programme (FP7) suggests that around 25-35 % of them would be avoided by the simplification measures proposed. The error rate can then be expected to fall by 1.5 %, i.e. from close to 5 % to around 3.5 %, a figure that is referred to in the Commission Communication striking the right balance between the administrative costs of control and the risk of error.

([5]) COM(2011) 809/3 Proposal for a Regulation of the European Parliament and of the Council establishing Horizon 2020 – the Framework programme for Research and Innovation (2014-2020), see point 2.2, pp 98-102.

The Commission considers therefore that, for research spending under Horizon 2020, a risk of error, on an annual basis, within a range between 2-5 % is a realistic objective taking into account the costs of controls, the simplification measures proposed to reduce the complexity of rules and the related inherent risk associated to the reimbursement of costs of the research project. The ultimate aim for the residual level of error at the closure of the programmes after the financial impact of all audits, correction and recovery measures will have been taken into account is to achieve a level as close as possible to 2 %.

Horizon Europe Framework Programme

For Horizon Europe Framework Programme([6]), the general control objective, following the standard quantitative materiality threshold proposed in the standing instructions for Annual Activity Reports, is to ensure that the cumulative representative error rate and the cumulative residual error rate, i.e. the level of errors which remain undetected and uncorrected, does not exceed 2% on an annual basis. An AAR reservation will be issued in the Annual Activity Report if the cumulative residual error rate is above the 2% materiality threshold.

EURATOM Horizon 2020 and EURATOM Horizon Europe

The EURATOM Horizon 2020([7]) and Horizon Europe([8]) Regulations complement respectively the Horizon 2020 and Horizon Europe Regulations. The EURATOM Audit Strategy is articulated as a complement to the Horizon 2020 one. However, for the estimation of the amount at risk, only the Horizon 2020 error rate is presented and used, as the EURATOM error rate is not statistically representative. The estimation of EURATOM Horizon Europe error rate is also aligned with the one of Horizon Europe. The quantitative materiality threshold for Euratom programmes is the same as for the Horizon framework programmes.

De minimis threshold for financial reservation

Since 2019([9])**, a 'de minimis' threshold for financial reservations has been introduced. Quantified annual activity report reservations related to residual error rates above the 2% materiality threshold are deemed not substantial for segments representing less than 5% of a DG's total payments and with a financial impact below EUR 5 million. In such cases, quantified reservations are no longer needed. The 'de minimis' threshold does not apply this year.**

([6]) Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe

([7]) Council Regulation (Euratom) No 1314/2013 of 16 December 2013 on the Research and Training Programme of the European Atomic Energy Community (2014-2018) complementing the Horizon 2020 Framework Programme for Research and Innovation (OJ 347/84, 20.12.2013).

([8]) Council Regulation (Euratom) 2021/765 complementing the Horizon Europe Regulation

([9]) Agreement of the Corporate Management Board of 30/4/2019.

ANNEX 6: Relevant Control System(s) for budget implementation (RCSs)

ANNEX 6 a: Grants direct management (RCS A)

DG Research and Innovation uses one Relevant Control System (RCS) for the management of grants under Horizon Europe and H2020 as they are similar. The main improvements for Horizon Europe are the co-creation of the work programme by the thematic Groups of Directors, and further simplifications such as the single daily rate for personnel costs and the rollout of the lump sum funding.

The Control Strategy for Horizon Europe has been adopted by Horizon Europe Steering Board in November 2023.

The RCSs for Euratom both under H2020 and Horizon Europe are similar to the general ones respectively for H2020 and for Horizon Europe, except for the ex-post control strategy which is specific to Euratom.

The error rates per programme are presented in Table X of Annex 9.

1. Ex-ante controls

Effectiveness, efficiency are detailed per stages A to D.

Economy is calculated overall for the ex-ante controls and detailed at the end of paragraph 1.

A - Preparation, adoption and publication of the Work Programmes for indirect actions and calls for proposals

Main control objectives: Ensuring that the Commission selects the proposals that contribute the most towards the achievement of the policy or programme objectives (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy); due consideration of other horizontal priorities (ethics, gender balance, security aspects)

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency, economy)

The work programmes and the subsequent calls for proposals do not adequately reflect the policy objectives, priorities, are incoherent and/or the essential eligibility, selection and award criteria are not adequate to ensure the evaluation of the proposals. The Horizon Europe implementation (procedures, monitoring arrangements, communication with beneficiaries, budget planning, etc) has serious shortcomings.	For Horizon Europe, hierarchical validation within the authorising department Inter- service consultation, including all relevant services. Adoption by the Commission. Explicit allocation of responsibility. Under Horizon Europe, the work programmes proposed by the Directors' Groups according to the Commission decision C(2021)4472 are co-created with the work of the various instances and with the processes established in this decision. In particular, the Common Implementation Centre (CIC) in DG Research and Innovation provides all DGs involved in the implementation of Horizon Europe research with harmonised procedures, guidance and IT tools. The Common Policy Centre (CPC) in DG Research and Innovation under Horizon Europe centralises the budget planning and the monitoring of the Horizon Europe's budget implementation. The CIC/CPC governance structure ensures that programme implementation experience gathered feeds back to the programme design.	**Coverage / Frequency**: 100% Depth: All work programmes are thoroughly reviewed at all levels, including for operational and legal aspects and all underlying implementation tools are defined and developed according to common rules. Under Horizon Europe, all business processes follow a governance system under the due supervision of instances like the Steering Board, the Executive Committee, the Directors Groups and key user groups.	**Effectiveness:** The work programmes are adopted by the Commission. Success rates in terms of "over-subscription": number of proposals retained for funding compared to number of eligible proposals received. **Qualitative Benefits:** A good Work Programme and well publicised calls should generate a large number of good quality projects, from which the most excellent can be chosen. There will therefore be real competition for funds. Optimised procedures, common approach on multiple issues (audits, fraud, legal aspects, reporting...); better reporting on the whole programme – better management of the programme.

B – Selecting and awarding: Evaluation, ranking and selection of proposals

Main control objectives: Ensuring that the most promising projects for meeting the policy objectives are among the proposals selected; Compliance; Prevention of fraud and other horizontal priorities (ethics, gender balance, security aspects)

Main risks **It may happen (again) that…**	**Mitigating controls**	**Coverage, frequency and depth of controls**	**Cost-Effectiveness indicators (effectiveness, efficiency, economy)**
The evaluation, ranking and selection of proposals is not carried out in accordance with the established procedures, the policy objectives, priorities and/or the essential eligibility, or with the selection and award criteria defined in the work programme and subsequent calls for proposals. Conflict of interest regarding the expert evaluators. In lump sum proposals, the lump sum as evaluated may be too low or too high for the project proposed. Ethics requirements are not identified. Gender balance aspects are not adequately taken into account. Security requirements are not identified.	Selection and appointment of external expert evaluators Conflict of interest checks Assessment by independent experts Appropriate briefing of experts (videos also available), including on gender balance aspects and the evaluation of cost estimations in lump sum proposals (dedicated lump sum briefing, video tutorial). As regards lump sum proposals: detailed cost estimations must be submitted and are assessed by experts, including experts with budgetary and project management expertise, against objective benchmarks (e.g. personnel cost dashboard). Comprehensive IT system supporting the evaluation of proposals and allowing better monitoring of the process. Validation by the AOSD of ranked list of proposals. In addition, if applicable: Opinion of advisory bodies; comitology; inter-service consultation and adoption by the Commission; publication. Systematic checks on operational and legal aspects performed before signature of the Grant Agreement Redress procedure. An ethics review is carried out systematically in all HE calls, starting with an ethics pre-screening, which results in detailed screening or assessment if necessary. IT tools (eGDR, ex. CORDA reporting with dedicated guidance available) allowing extraction of data on gender balance in proposals. Security checks and screenings.	**100% vetting** (including selecting) of experts for technical expertise and independence (e.g. conflicts of interests, nationality bias, ex-employer bias, collusion). **100% of proposals are evaluated**. Coverage: 100% of ranked list of proposals. Supervision of work of evaluators. 100% of contested decisions are analysed by redress committee.	Effectiveness: Number of proposals evaluated. Efficiency Indicators: % of Time-To-Inform on time[41]. (indicator to be brought as closely as possible to 100%) % of number of redress challenges upheld / total number of proposals evaluated (indicator to be minimised). Qualitative benefits: Expert evaluators from outside the Commission bring independence, state of the art knowledge in the field and a range of different opinions. This will have an impact on the whole project cycle: better planned, better implemented projects.

C - Contracting

Main control objectives: Ensuring that the main and, as applicable, reserve list ranked projects are the proposals contracted; Sound Financial Management (optimal allocation of the budget available); Compliance; Prevention of fraud and other horizontal priorities (ethics, gender balance, security aspects)

Main risks It may happen (again) that...	**Mitigating controls**	**Coverage, frequency and depth of controls**	**Cost-Effectiveness indicators (effectiveness, efficiency, economy)**
The beneficiary lacks operational and/or financial capacity to carry out the actions. Procedures do not comply with regulatory framework. Ethics requirements are not adequately implemented. Security-related requirements are not adequately implemented. A potentially fraudulent participant remains undetected. Potential fraud and/or double funding and/or plagiarism of proposals remains undetected. Restrictions related to participation (Article 22.5) and high-risk suppliers are inadequately or not applied. Gender equality plan requirement is not fulfilled.	Validation of beneficiaries (financial capacity checks on demand),), except for mono-beneficiaries requesting > EUR 500 000 (systematic checks on the financial capacity). Systematic checks on operational and legal aspects performed before signature of the grant agreement Risk assessment and risk based checks before the grant agreement signature and reinforced monitoring[2] flagging if necessary Ad hoc anti-fraud checks for riskier beneficiaries Signature of the grant agreement by the AO. An ethics review is carried out systematically in all HE calls, starting with an ethics pre-screening, which results in detailed screening or assessment if necessary; dedicated IT workflows for ethics aspects embedded in GAP. Ad hoc security checks and screenings Security review is carried out systematically in all HE calls, starting with pre-screening, which may result in detailed security scrutiny. Regarding plagiarism, automated detection of similar proposals in GAP (SIMBA). Regarding restrictions related to participation: On high-risk suppliers, automated cross checks against third party data of participants in proposals. On Article 22.5 restrictions, ownership and control assessments. Systematic review of the existence of GEP where it is required for a beneficiary, ongoing work on automated flagging of beneficiaries needing a GEP.	100% of the selected proposals and beneficiaries are scrutinised. Coverage: 100% of draft grant agreements. Depth will be differentiated following the conclusion of the risk assessment. Controls implemented when justified by the call/proposal content.	**Effectiveness**: Number of grants signed **Efficiency Indicators**: % of Time–to-grant on time (indicator to be brought as close as possible to 100%) Average Time–to-grant (to be minimised).

D - Monitoring the implementation

Main control objectives: ensuring that the operational results (deliverables) from the projects are of good value and meet the objectives and conditions; ensuring that the related financial operations comply with regulatory and contractual provisions; prevention of fraud and double-funding; ensuring appropriate accounting of the operations, ensuring compliance of non-financial obligations

Main risks It may happen (again) that...	**Mitigating controls**	**Coverage, frequency and depth of controls**	**Cost-Effectiveness indicators (effectiveness, efficiency, economy)**
The actions foreseen are not, totally or partially, carried out in accordance with the technical description and requirements foreseen in the grant agreement (for examples deliverables[42], open access to results and publications,...). The amounts paid exceed what is due in accordance with the applicable contractual and regulatory provisions. The cost claims and or deliverables are irregular or fraudulent. Lack of harmonised approach within the family with the consequence of unequal treatment of the beneficiaries. Ethics requirements are not fulfilled. Security-related requirements are not fulfilled. Sensitive/classified information in deliverables might not be handled with the adequate security measures. An unauthorised IPR transfer may occur incl. of critical technologies Restrictions related to participation (Article 22.5) are inadequately	Kick-off meetings and "launch events" involving the beneficiaries in order to avoid project management and reporting errors Specialized webinars targeting reduction of errors As regards lump sums: Guidance on reporting for lump sum grants (notion of work package completion). Monitoring of technical project progress as in all other grants; special focus in PO assessment on work package completion. Ex-post technical review of lump sum grants for in-depth assessment of work package completion; partial or full recovery of payments if needed following an ex-post technical review. Specialized aid with web-based tools to inform most error-prone beneficiaries (i.e SMEs who participate first time) about cost calculation practices. Effective external communication about guidance to the beneficiaries (eg Funding and Tender portal, info days for the calls). Anti-fraud awareness raising training for the project officers IT Plagiarism detection tool for reporting and deliverables. Enhanced family approach (anti- fraud cooperation; common legal and audit service; comprehensive and common IT system for all the family). Operational and financial checks in accordance with the financial circuits. Operation authorisation by the AO For riskier operations, reinforced monitoring. Selection and appointment of expert for scientific reviews of intermediate and/or final reporting. If needed: application of Suspension/interruption of payments, Referring grant/beneficiary to OLAF/EPPO.	**100%** of the projects are controlled, including only value-adding checks. Riskier operations subject to more in-depth controls. **The depth** depends on risk criteria. However, as a deliberate policy to reduce administrative burden, and to ensure a good balance between trust and control, the level of control at this stage is reduced to a minimum High risk operations identified by risk criteria. Red flags: suspicions raised by staff, audit results, EDES, individual or "population" risk assessment Audit certificates	**Effectiveness:** Number of payments (interim and final). **Efficiency:** Time-to-pay: % of payments (in value) made on time (indicator to be brought as close as possible to 100%). Time-to pay: Average number days net/gross + suspension days. **Qualitative Benefits:** Projects are executed and produce benefits for the community.

or not applied. There is a failure to detect that lump sum work packages are completed to a lower degree than declared. Gender equality plan requirement is not fulfilled. Potential fraud and/or double funding remains undetected.	Guidance in place on handling security-sensitive projects including in the implementation stage, as well as relating to sensitive/classified deliverables. Regarding IPR: Evaluators and experts requested to flag potential IPR being developed in relation to critical technologies. Awareness raising for beneficiaries and EU Staff. For beneficiaries, in particular at the stage of publishing the call or during Coordinator Days, or at the end of the project; internal trainings. IT system in place for handling IPR notifications. Guidelines for IPR monitoring available. Regarding Article 22.5 restrictions, ownership and control assessments. As regards GEP, systematic review of the existence of GEP where it is required for a new beneficiary; ongoing work on automated flagging of beneficiaries which need a GEP in the IT system. GEP compliance checks on a random sample of beneficiaries based on agreed upon criteria such as type of organisation.	required for any beneficiary claiming more than: EUR 430 000 (Horizon Europe, except lump sum grants).	

Overall economy for ex-ante control

Main risks It may happen (again) that…	Mitigating controls	coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
			Economy The estimation is established for the grant process which includes both Horizon 2020 and Horizon Europe a. Estimation of cost of staff involved in the ex-ante checks. -Programme management and monitoring -Financial management -Budget and accounting -General Coordination incl. Strategic Programming and Planning, internal control, assurance and quality management -Anti-fraud -Development and support of IT systems linked to managing funding programmes. b. Estimation of other costs linked to ex-ante checks Cost of experts and costs of experts management Costs of IT external contracts of CIC. Details of the estimated cost of controls related to shared/pooled control activities carried out by REA and hosted by DG R&I (Common Implementation Centre including Common Audit Service) for the Research and Innovation family are reported in the Annual Activity Reports of REA and RTD.

2. Ex-post controls

Effectiveness, efficiency and qualitative benefits are detailed per stages A to D.

Economy is calculated overall for the ex-post controls and detailed at the end of paragraph 2.

A - Reviews, audits and monitoring

Main control objectives: Measuring the level of error in the population after ex-ante controls have been undertaken; detect and correct any error or fraud remaining undetected after the implementation ex-ante controls; identifying possible systemic weaknesses in the ex-ante controls, or weaknesses in the rules

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
The ex-ante controls (as such) do not prevent, detect and correct erroneous payments or attempted fraud to an extent going beyond a tolerable rate of error. Lack of consistency in the audit strategy within the family, also as regards technical reviews in lump sum grants. Lack of efficiency for absence of coordination: multiple audits/ technical reviews in lump sums on the same beneficiary, same programme: reputational risk and high administrative burden on the beneficiaries' side. .	Common Ex-post control strategy for the entire Research and Innovation family, implemented by a central service ((Common Audit Service (CAS) part of the Common Implementation Centre, DG Research and Innovation): - At intervals carry out audits of a representative sample of operations to measure the level of error in the population after ex-ante controls have been performed. - Calculates the representative error rate for the R&I programme - Additional sample to address specific risks - When relevant, joint audits with the Court of Auditors Multi-annual basis (programme's lifecycle) and coordination with other AOs concerned Validate audit/technical reviews results with beneficiary In case of systemic error detected, extrapolation to all the ongoing projects run by the audited beneficiary (or closed within two years). Specifically for lump sum grants, technical reviews will be carried out by the implementing service for in-depth assessment of work package completion. Error rate to be measured based on technical review results.	- Common Representative audit Sample (CRaS): MUS sample across the programme to draw valid management conclusions on the error rate in the population. The population from which the samples are drawn will be divided in two strata, one for actual cost and one for lump sum grants - Research and Innovation risk-based sample, determined in accordance with the selected risk criteria aimed to maximise deterrent effect and prevention of fraud or serious error	**Effectiveness:** Representative and residual error rate identified Number of audits/technical reviews finalised % of beneficiaries & value coverage. **Efficiency:** Percentage of implementation of CAS audit plan, also for technical reviews (to be brought as closely as possible to 100%).

B - Implementing results from ex-post audits/controls

Main control objectives: Ensuring that the (audit and extensions) results from the ex-post controls lead to effective recoveries; Ensuring appropriate accounting of the recoveries made.

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
The financial recommendations stemming from the ex-post audit are not implemented. Cases of potential fraud detected are not addressed or not addressed in a timely manner.	Systematic registration of audit / control results to be implemented and actual implementation. Validation of recovery in accordance with financial circuits. Authorisation by AOSD. Coordination at the level of the R&I family: FAIR committee If needed: -Notification to OLAF and regular follow up of detected potential fraud. - Reinforced monitoring implemented on ongoing projects.	**Coverage**: 100% of final audit results with a financial impact. **Depth**: All audit results are examined in-depth in making the final recoveries. Systemic errors are extended to all the ongoing non-audited projects of the same beneficiary (or closed within two years).	**Effectiveness:** Amounts being recovered and offset. **Efficiency:** Number/value/% of audit results pending implementation, (indicators to be minimised) Number/value/% of audit results implemented.

Overall economy for ex-post control

Main risks It may happen (again) that...	Mitigating controls	Coverage, frequency and depth of controls	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
			Economy The estimation is established for the grant process which includes both Horizon 2020 and Horizon Europe. Estimation of cost of staff involved in the coordination and execution of the ex-post audit strategies and in the implementation of audits. Costs of the appointment of audit firms and missions. Details of the estimated cost of controls related to shared/pooled control activities hosted by DG R&I (Common Implementation Centre including Common Audit Service) for the Research and Innovation family are reported in the Annual Activity Reports of DG R&I.

ANNEX 6B: EXECUTIVE AGENCIES AND INDIRECT ENTRUSTED MANAGEMENT DG RESEARCH AND INNOVATION – HORIZON 2020 (H2020) AND HORIZON EUROPE (HE) (RCS B)

The Relevant Control System (RCS) covers: (1) the Executive Agencies REA ([10]), ERCEA ([11]), and EISMEA ([12]) for which DG RTD is the lead parent DG ([13]) and the Executive Agencies CINEA ([14]) and HaDEA ([15]) for which DG RTD is a parent DG, (2) cross delegations to other Commission services, (3) the Article 187 Joint Undertakings (Circular Bio-Based Europe (CBE), Clean Aviation (CA), Clean Hydrogen (CH), Innovative Health Initiative (IHI) and Global Health European & Developing Countries Clinical Trials Partnership (EDCTP3)), and (4) the Article 185 entities (Metrology and Prima for Horizon Europe and other Partnerships from the legacy).

Overall economy/efficiency for control of entrusted entities (EE) is detailed at the end of stage 5.

Stage 1: Establishment (or prolongation) of the mandate to the entrusted entity ("delegation act"/ "contribution agreement" / etc)

Main control objectives: Ensuring that the legal framework is fully compliant and regular (legality & regularity), delegated to an appropriate entity (best value for public money, economy, efficiency), without any conflicts of interests (anti-fraud strategy), and gives all the references necessary for a smooth running of the entity.

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
The establishment (or prolongation) act and the mandate of the entrusted entity could lack clear references regarding the responsibilities of each involved actor.	For EA: The adopted text integrated clarifications on the responsibilities and role of each actor, following the ex-ante evaluation and widespread consultation, ISC etc. In the case of EISMEA, the interim solution adopted by Commission Decision in 2022 allowed the EIC Fund to function in line with the policy objectives of the EIC as an alternative investment fund managed by an external alternative investment fund manager.	**Coverage/Frequency**: 100%/once for the establishment and partial for amendments or extensions.	**Effectiveness**: No major ECA criticism. **Costs**: This stage implies several DGs, doesn't happen regularly and can be very different for each entity. A systematic cost calculation wouldn't give exploitable data.

([10]) REA - Research Executive Agency

([11]) ERCEA- European Research Council Executive Agency

([12]) EISMEA - The European Innovation Council and SMEs Executive Agency

([13]) Only the operating administrative budget of the Executive Agencies is actually paid by DG Research and Innovation. The operational budget is directly allocated to the Executive Agency. In this case, DG Research and Innovation does not strictly have a financial responsibility but does still have a responsibility to supervise the Executive Agency in terms of the achievement of its results.

([14]) CINEA – The European Climate, Infrastructure and Environment Executive Agency

([15]) HaDEA - The European Health and Digital Executive Agency

For partnerships: the valuation method of the in-kind contributions provided by the industry partners is not clear.	In view of the long-term implementation structure of the EIC Fund under indirect management, with the EIB becoming the investor of record, the tasks delegated to the Agency in relation with the fund were defined in the Memorandum of Understanding between the Agency and DG RTD signed in 2023 and the mandate was updated (delegation Act) to reflect the new responsibilities. For JUs and article 185 bodies: the new basic acts adopted for HE included clarifications on the responsibilities and role of actors involved, bodies of the JUs/Metrology Partnership, following the ex-ante evaluation and widespread consultation, ISC etc. For JUs: The Council Regulation establishing the Joint Undertakings under Horizon Europe ([16]) (hereinafter called Single Basic Act (SBA) defines the basis to calculate in-kind contributions to operational activities (IKOP) ([17]) and in-kind contributions to additional activities (IKAA) ([18])		

Stage 2: Assessment and supervision of the entrusted entity's financial and control framework (towards "budget autonomy"; "financial rules")

Main control objectives: Ensuring that the entrusted entity is fully prepared to start/continue implementing the delegated funds autonomously with respect of all 5 Internal Control Objectives (ICOs): legality and regularity, sound financial management, true and fair view reporting, safeguarding assets and information, anti-fraud strategy.

([16]) Council Regulation (EU) 2021/2085 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe and repealing Regulations (EC) No 219/2007, (EU) No 557/2014, (EU) No 558/2014, (EU) No 559/2014, (EU) No 560/2014, (EU) No 561/2014 and (EU) No 642/2014, OJ L 427/17

([17]) According to Article 2(8) of the SBA 'in-kind contributions to operational activities' means contributions by private members, constituent entities or the affiliated entities of either, by international organisations and by contributing partners, consisting of the eligible costs incurred by them in implementing indirect actions less the contribution of that joint undertaking and of the participating states of that joint undertaking to those costs'

([18]) According to Article 2(10) of the SBA 'in-kind contributions to additional activities' means contributions by the private members, constituent entities or the affiliated entities of either, and by international organisations, consisting of the costs incurred by them in implementing additional activities less any contribution to those costs from the Union and from the participating states of that Joint Undertaking'

Main risks It may happen (again) that…	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
The financial and control framework deployed by the entrusted entity is not fully mature to guarantee achieving all 5 ICOs	JUs: • Safeguards are included in the Financial Framework Partnership Agreement (FFPA) • Adoption/update of the anti-fraud strategy, financial rules and other relevant documents for internal control purposes SBA sets out the obligation for JUs to operate back-offices arrangements EA: • Delegation to the Executive Agencies was subject to the DGs ensuring that the agency had the capacity to manage the newly delegated tasks. • The agencies prepared a readiness assessment where the EA Director gave assurance that the agency had sufficient staff, that the internal control systems and procedures, the accounting systems and IT tools and administrative procedures were introduced in the agency in accordance with the rules of sound financial management in order to ascertain the achievement of all internal control objectives (Art. 32(2) FR), including the legality and regularity of the underlying operations. General: Ex-ante assessment, conditional to granting budget autonomy Hierarchical validation within the authorising department Use of Model- or Framework-financial rules (MFR or FFR) Standard business processes and IT tools (EAs and JUs) Secondment or selection of key staff Continuous cooperation within the Research and Innovation family (R&I Audit Network (RIAN), CIC working group on ex-ante check) in order to harmonize the IC framework Review of audit reports (Internal Audit Service, European Court of Auditors)	**Coverage/frequency**: 100% of entrusted entities/once at the beginning and partial (problem focussed) for amendments or work arrangements **Depth is** determined after considering the type or nature of the entrusted entity, its form and/or the value of the budget concerned.	**Effectiveness**: The entrusted entity is granted budget autonomy, without significant delays (for EDCTP3 in 2023)

Stage 3: Operations: monitoring, supervision, reporting

Main control objectives: Ensuring that the Commission is fully and timely informed of any relevant management issues encountered by the entrusted entity, in order to possibly mitigate any potential financial and/or reputational impacts (legality & regularity, achievement of scientific objectives, sound financial management, true and fair view reporting, anti-fraud strategy).

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
The Commission is not informed of relevant management issues encountered by the entrusted entity in a timely manner The Commission does not react upon and mitigate notified issues in a timely manner which may reflect negatively on the Commission's governance reputation and quality of accountability reporting.	Delegation Act/ Financial Framework Partnership Agreement/etc. specifying the control, accounting, audit, publication, etc. related requirements – incl. the modalities on reporting back relevant and reliable control results; including also triennial evaluation for EA. For JUs, according to Article 171(4) The Commission shall carry out an interim and a final evaluation of each Joint Undertaking feeding into the Horizon Europe evaluations, as specified in Article 52 of the Horizon Europe Regulation. For 185 Initiative, according to article 18(1) of the Council Decision setting out Metrology Partnership, 'The Commission shall conduct an interim evaluation and a final evaluation of the Metrology Partnership in the framework of the Horizon Europe evaluations, in accordance with Article 52 of Regulation (EU) 2021/695, with the assistance of external independent experts selected on the basis of an open and transparent process'.	**Coverage**: 100% of the entities are monitored/supervised. **Frequency**: key KPI's reported on a regular basis, regular steering committee or Governing Board meetings, annual reports (AAR and operational reporting), evaluation reports. In case of operational and/or financial issues, appropriate mitigating measures are available and should be used	**Effectiveness:** number of critical IAS/ECA findings
The implementation of the Horizon 2020 and Horizon Europe framework programmes (procedures, monitoring arrangements, communication with beneficiaries, budget planning, etc) is not consistent within the Research and Innovation family and with the 7 years framework programmes' overall objectives.	Membership of the Governing Boards (JUs – 50% voting rights) or the Steering Committees (EAs); positions of responsibility are filled with seconded Commission staff (EA) For EAs: The framework of supervision prepared by central services (BUDG, HR, SG) details responsibilities of lead parent DG, of the parent DGs delegating budget (e.g., RTD for HE) and other parent DGs. The CIC has developed additional guidance to further clarify the different roles and tasks. A group of lead parent DGs was established to discuss and streamline supervision practices. The respective parent DGs are represented in the agencies' Steering Committee meetings. For Horizon Europe a Single basic act for JUs has been adopted. Monitoring	Coverage/ Frequency: 100% Depth: All the underlying H2020 and Horizon Europe implementation tools (procedures and monitoring arrangements) are defined and developed at family level.	

	or supervision of the entrusted entity e.g., 'regular' monitoring meetings at operational level to review progress in achieving operational results; review of reported control results and any underlying management/audit reports; scrutiny of annual report, etc. Management review of the supervision results. If appropriate/needed: - reinforced monitoring of operational and/or financial aspects of the entity - potential escalation of any major governance-related issues with entrusted entities The Common Implementation Centre (CIC) in Research and Innovation provides all the members of the Family with harmonised procedures, guidance and IT tools. DG Research and Innovation centralises the budget planning and the monitoring of the Horizon Europe and Horizon 2020 budget implementation. The operating rules for the Common Implementation Centre have been clarified in Commission Decision C(2021)4472. The CIC includes a Common service for Executive Agencies and funding bodies which ensures the design and coordination of the policies for the implementation of the R&I programmes by Executive Agencies (EAs), Joint Undertakings and other funding bodies and oversee their governance and operations.		

Stage 4: Commission contribution: payment or suspension/interruption

Main control objectives: Ensuring that the Commission adequately assesses the management situation at the entrusted entity, before either paying out the (next) contribution for the operational and/or operating budget of the entity, or deciding to suspend/interrupt the (next) contribution. This is very closely linked to stage 3 above

Main risks It may happen (again) that...	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)

The Commission pays out the (next) contribution to the entrusted entity, while not being aware of the management issues that may lead to financial and/or reputational damage. Bad cash forecast leading to the Commission paying too much compared to the Entrusted Entity's needs In times of shortage of credits, the budget appropriations are not optimised with the current needs within the family	Delegation Act/ Financial Framework Partnership Agreement /etc specifying the control, accounting, audit, publication, etc related requirements – including reporting Management review of the supervision results. Standard procedures for the validation of all payments and recovery of non-used operating budget subsidy The role of the CIC in what concerns the administrative budget of agencies is restricted to REA, ERCEA, EISMEA Good internal communication/coordination to ensure that issues are known and dealt with (see stage 3) Family level budget coordination in DG Research and Innovation	**Coverage**: 100% of the contribution payments. **Frequency**: following the rhythm of the payments There is a review before each payment is made. However, the depth will depend on identified issues and on the body involved.	**Effectiveness**: number of critical IAS/ECA findings

Stage 5: Audit, evaluation and Discharge for Executive agencies and Joint Undertakings

Main control objectives: Ensuring that assurance building information on the entrusted entity's activities is being provided through independent sources as well, which may confirm or contradict the management reporting received from the entrusted entity itself (on the 5 ICOs).

Main risks It may happen (again) that…	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
The Commission has not sufficient information from independent sources on the entrusted entity's management achievements, which prevents drawing conclusions on the assurance for the budget entrusted to the entity – which may reflect negatively on the Commission's governance reputation and quality of accountability reporting.	Delegation Act/FFPA/etc specifying the control, accounting, audit, publication, etc related requirements – including independent audit function (where appropriate) and cooperation with IAS and ECA. The IAS is the internal auditor for all EAs and JUs. The ECA has access to all the bodies for which recourse to new management modes has been done and gives a separate opinion (leading to separate discharge) for JUs and EAs for their administrative budget. Harmonised ex-post audits (common audit strategy for Horizon 2020 and Horizon Europe), common audit	**Coverage**: sample as needed (e.g., random/representative, value-targeted, risk-based). **Frequency**: whenever necessary or foreseen in the relevant rules The **depth** depends on the type of entity and the level of risks assessed., Annual report of the ECA on all JUs.	**Effectiveness**: Statements received from entrusted entities are included in DG Research and Innovation's assurance building (exceptions are noted at least in the AAR) IAS, ECA reports are analysed for major issues

Main risks It may happen (again) that…	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
	service- potential escalation of any major governance-related issues with entrusted entities Exchange of relevant anti-fraud information about shared beneficiaries within the Research and Innovation family For Executive agencies, scrutiny of relevant reports from: the Discharge Authority From European Ombudsman (in cooperation with the unit in charge of relations with the European Ombudsman), OLAF (in cooperation with the unit in charge of audits and relations with OLAF), European Public Prosecutor Office (in cooperation with the unit in charge of relations with EPPO) Interim evaluations by independent experts of achievement of policy objectives; triennial evaluation of the EA		

Overall benefit and economy/efficiency for control of entrusted entities

			Overall Economy/efficiency Estimation of cost of staff involved in the supervision (in stages 2 to 5) per (type of) entrusted entity under the annual budget amount entrusted to the entity.

ANNEX 6 C: EIC FUND FINANCIAL INSTRUMENT - INDIRECT MANAGEMENT RELEVANT CONTROL SYSTEM FOR BUDGET IMPLEMENTATION OF THE EIC FUND'S INVESTMENT COMPONENT (RCS C)

Stage 1 – Prolongation of the mandate to the EIB for the EIC Fund management ("Contribution Agreement").

Main internal control objectives:

- Ensuring that the Financial Instrument is adequate for meeting the policy or programme

objectives (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy).

- Ensuring that the most promising Alternative Investment Fund Manager (AIFM) is pre-determined or selected to ensure that the Financial Instrument is implemented effectively and efficiently; Sound financial management; Legality and regularity; Fraud prevention and detection.

Main risks **It may happen (again) that…**	**Mitigating controls**	**Coverage frequency and depth of controls**	**Possible Cost-effectiveness indicators (3 Es)**
a) The actions of the EIC Fund do not adequately reflect the policy objectives (no compliance with Fin. Reg. art. 209 and instrument specific objectives) b) The Contribution Agreement is inadequate in coverage of operational and management provisions (no compliance with Fin. Reg. Art. 208 and 209) c) The RSM (Risk-Sharing Mechanism) is too generous to the IFI (risk of unbalanced benefits/risks)	- The actions by the EIC Fund are framed in the EIC Work Programmes. Selection and award of beneficiaries is managed and led by EISMEA and EC-RTD. - Final investment decisions are observed by EC-RTD in Advisory Committee of EIC Fund. - Feedback on actions from EIC Fund can be provided by EC-RTD to the EIC Fund Board - EC-RTD chairs and has two seats in Monitoring Committee of the Contribution Agreement monitoring the implementation of Contribution Agreement -EC-RTD receives all EIC Fund and EIB reporting packages both financial and operations - EIB and EC-RTD share RSM and contribution agreement allows for further input and correction by EC-RTD	**Coverage / Frequency**: 100% of the operations of the EIC Fund are covered by the award decision. No investment decision can be taken without award decision or observation by EC-RTD. **Depth:** All Investment decisions have been monitored and can be traced back to award decisions **Coverage/ Frequency**: 100%, EIC Fund Meetings take place regularly at least every two months with all relevant actors. Monitoring Committee meets at least twice a year aiming at three times per year with EIB and EC-RTD represented **Depth:** All aspects are covered including the RSM. Any issue can be discussed will relevant actor and feedback immediately received	**Effectiveness**: Selection procedure: • Number of proposals • Number of accepted/rejected proposals • Number of candidate entities challenging the selection (accepted/rejected) EIC Fund assessments: • Number of Investment decision/rejections • Number of completed Investments Benefits: reduced risk related to the disbursement of the total amount by EIC Fund based on the ability to use the funding in the most efficient and effective way **Efficiency:** • Time to Investment • Return by investment **Economy** (costs): • Fees and costs of EIC Fund in line with market practices

Stage 2 – Ex-ante (re)assessment of the EIB's financial and control framework (towards "budget autonomy"; "financial rules").

Main internal control objectives:

- Ensuring that the entrusted entity is fully prepared to start/continue implementing the delegated funds autonomously with respect of all 5 ICOs.

Main risks It may happen (again) that…	**Mitigating controls**	**Coverage frequency and depth of controls**	**Possible Cost-effectiveness indicators (3 Es)**
a) The financial and control framework deployed by the entrusted entity is not fully mature to guarantee achieving all 5 ICOs (*legality and regularity, sound financial management, true and fair view reporting, safeguarding assets and information, anti-fraud strategy*). b) The investment strategy and/or risk-profile of the asset management mandate is not clear	Both EIB and EIC Fund are subject to Luxemburgish Framework-financial rules EIC Fund provide financial reporting which is annually audited for compliance with financial management rules Additional Net Asset Value reports provided regularly throughout the year EIC Fund by default High Risk Asset, but under the selection and supervision of EC-RTD, and financially monitored by EIB	Coverage/frequency: 100% of entrusted entities at least twice per year Depth: Adapted to the standards already existing in the EC/EIB framework and the legislative requirements of financial instruments under Luxemburgish Laws. . .	Effectiveness: The EIC Fund is granted budget autonomy, without too significant delays: number of days behind schedule, number of adjustments proposed and implemented. Benefits: The average total budget amount entrusted to the entity, possibly at 100% without significant (legal) errors, which would otherwise be detected. Efficiency: • Number of deviations from the FFF • Number of subsequent changes to the financial rules accepted Economy (costs): • estimation of cost of staff involved in the ex-ante assessment process

Stage 3 – Operations: monitoring, supervision, reporting (control with EIC Fund and around EIB).

Main internal control objectives:

- Ensuring that the Commission is fully and timely informed of any relevant management issues encountered by the entrusted entity, to possibly mitigate any potential financial and/or reputational impacts (legality & regularity, sound financial management, true and fair view reporting, anti-fraud strategy).

Main risks It may happen (again) that…	Mitigating controls	Coverage frequency and depth of controls	Possible Cost-effectiveness indicators (3 Es)
Due to mixed modalities of cooperation, supervision & reporting (Controlling with the EIC Fund but Around the EIB), the Commission is not timely informed of relevant management issues encountered by the EIC Fund and EIB, and/or does not timely react upon notified issues by mitigating them or by making a reservation for them – which may reflect negatively on the Commission's governance reputation and quality of accountability reporting.	Contribution agreement and PPM specifying the control, accounting, timely and regular transmission to EC-RTD and EC-BUDG and audit including the modalities on reporting back, relevant and reliable control results Monitoring of EIC Fund and EIB through regular Monitoring Committee meetings and EIC Fund Board Meetings at Operational level Review of unaudited and audited Financial Reports and Assurance reports by DG BUDG. Intervention via ad hoc audits on-the spot by EC-RTD of IAS Potential escalation of any major governance-related issues with entrusted entities	Coverage: 100% of the entities are monitored/supervised. Frequency: At least twice annual with certain reports on a quarterly basis Depth: For the EIC Fund, complete access to information and data For the EIB limited to the around control and operations as Adviser and manager of cash flows towards EIC Fund	Effectiveness: • Relevance and reliability of control data reported back • Quality of underlying management/audit reports received • Number of regular monitoring actions • Number of serous IAS and ECA findings of control failures Benefits: The (average annual) total budget amount entrusted to the entity, possibly at 100% if significant (legal, management, accounting, fraud, reporting) errors would otherwise be detected Efficiency: • Cost/benefit ratio. Average supervision cost per entrusted entity. % cost over annual amount delegated. Economy (costs): • estimation of cost of staff involved in the actual monitoring of the entrusted entities

1 In terms of the degree of independence of the entity concerned, two main control models can be distinguished for this management mode: Either the Commission Parent DG has strong monitoring and/or supervision powers which include full access to the entity's own control results and detailed management reporting, usually formalised by the Commission DG being represented on the entity's governing board (controlling with the entity). Or the Commission has no insight

into the management and control situation during the financial year, and its rights are limited to the right to audit the entity and/or its beneficiaries (controlling around the entity). Therefore, the legal basic act, delegation act, contribution agreement and/or statutes establishing the entity will need to be analysed carefully to determine the specific governance situation in each individual case.

Stage 4 – Commission contribution: payment or suspension/interruption.

Main internal control objectives:

- Ensuring that the Commission fully assesses the management situation at the EIB, before either paying out any contribution for the operational and operating budget of the EIB and EIC Fund or deciding to suspend/interrupt the contribution (legality & regularity, sound financial management, anti-fraud strategy).

Main risks It may happen (again) that…	Mitigating controls	Coverage frequency and depth of controls	Possible Cost-effectiveness indicators (3 Es)
The Commission pays out any contribution to the EIB, while not being aware of the management issues that may lead to financial and/or reputational damage.	Contribution agreement and PPM specifying the control, accounting, audit, submission requirements. EC-RTD notified in all financial transactions between EIB and EIC Fund Financial operations with EIB under direct management by RTD F3, with Hierarchical validation of contribution payment Due Diligence and Red Flag reports on any potentially to be invested in company, including verification of financial and reputations risks, anti-fraud measures and particular global situation (i.e.- Russian connections)	Coverage: 100% of the contribution commitments and payments. Frequency: Commitments and Payments done twice per year Depth: Complete as cross referenced with financial reporting provided by EIC Fund, final recipient of Commitments and Payments, EIB acts as intermediary only.	Effectiveness: • Number of man-days involved • Amount of any unused operating budget • Budget amount of the suspended/interrupted payments (if any) Benefits: The (average annual) total budget amount entrusted to the entity, possibly at 100% if significant (legal, management, accounting, fraud, reporting) errors would otherwise be detected. **Efficiency:** • Cost/benefit ratio • Average cost per entrusted entity • % cost over annual amount delegated • Time-to commit/pay Economy (costs): • Estimation of cost of staff involved in the OV and FV of the contribution payments to EIB • For EIC Fund asset management fees for actually managed funds (compared to administrative cap)

2 In terms of the degree of independence of the entity concerned, two main control models can be distinguished for this management mode: Either the Commission Parent DG has strong monitoring and/or supervision powers which include full access to the entity's own control results and detailed management reporting, usually formalised by the Commission DG being represented on the entity's governing board (controlling with the entity). Or the Commission has no insight into the management and control situation during the financial year, and its rights are limited to the right to audit the entity and/or its beneficiaries (controlling around the entity). Therefore, the legal basic act, delegation act, contribution agreement and/or statutes establishing the entity will need to be analysed carefully to determine the specific governance situation in each individual case.

Stage 5 – Audit and evaluation

Main internal control objectives:

- Ensuring that assurance building information on the entrusted entity's activities is being provided through independent sources as well, which may confirm or contradict the management reporting received from the entrusted entity itself (on the 5 ICOs).

Main risks It may happen (again) that…	Mitigating controls	Coverage frequency and depth of controls	Possible Cost-effectiveness indicators (3 Es)

The Commission has not sufficient information from independent sources on the entrusted entity's management achievements, which prevents drawing conclusions on the assurance for the budget entrusted to the entity – which may reflect negatively on the Commission's governance reputation and quality of accountability reporting.	Contribution agreement an PPM specifying the control, accounting, audit, publication, etc related requirements including *independent audit function and cooperation with IAS and ECA.* Review of reporting by EISMEA whenever necessary Possibility of own ad hoc audit(s) on-the-spot, by EC-RTD of the EIC Fund and/or its beneficiaries Potential escalation of any major governance-related issues with EIB and EIC Fund Potential referral to OLAF	Coverage: Sample as needed (e.g. random/representative, value-targeted, risk based). Ideally, the ample will be statistically representative to enable drawing valid management conclusions. Ideally covering the entire population during the programme's lifecycle. Frequency: Based on evidence and needs. Depth: For the EIC Fund, complete access to information and data For the EIB limited to the around control and operations as Adviser and manager of cash flows towards EIC Fund	Effectiveness: Assurance being provided (via management/audit reporting) - Representative error rate - Residual error rate below tolerable threshold. - Number of transactions with errors - Budget amount of the errors detected by the own supervisors. Benefits: The (average annual) total budget amount entrusted to the entity, possibly at 100% if significant (legal, management, accounting, fraud, reporting) errors would otherwise be detected., budget value of the errors with the entity's beneficiaries detected by the own auditors and subsequently corrected. **Efficiency:** Total (average) annual cost of own audits compared with benefits (ratio). **Economy (costs):** Estimation of cost of staff involved in the coordination and execution of the own audits (which may include missions, if applicable). Cost of the appointment of audit firms for the outsourced audits (if any).

ANNEX 6 D: INNOVFIN (THE H2020 FINANCIAL INSTRUMENT) (RCS D)

***IFI** = (entrusted) International Financial Institution (eg. EIB/EIF, etc.); **FI** = (further entrusted) Financial Intermediaries; **'sub'-FI** = (further) sub-delegated FI; **FR** = Final Recipient*

As of year 2021, this fund has been in legacy mode ([19]).

([19]) Consequently, stages 1 and 2, although integral parts of the Control System, are no longer active

Stage 1 – Set-up/design of the Financial Instrument and designation of International Financial Institution (IFI)

Main control objectives:

Ensuring that the Financial Instrument is adequate for meeting the policy or programme objectives (effectiveness); Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy)

Ensuring that the most promising International Financial Institution (IFI) is pre-determined or selected to ensure that the Financial Instrument is implemented effectively and efficiently; Sound financial management; Legality and regularity; Fraud prevention and detection

Main risks ***It may happen (again) that…***	**Mitigating controls**	**How to determine coverage frequency and depth**	**Cost-Effectiveness indicators** (effectiveness, efficiency, economy)
a) The actions supported through the Financial Instrument do not adequately reflect the policy objectives	a) Hierarchical validation (incl. at DG level) of the: 1) Regulation (approved by the Legislative Authority); 2) Delegation agreement, including notably an ex-ante evaluation (required by RAP art. 224); 3) Annual work programme for "Access to risk finance" (part of the H2020 WP) with an annual budget Inter-service consultation of relevant DGs (horizontal and operational) Consultation of the H2020 Advisory Group on Access to Risk Finance Formal adoption by the Legislative Authority (for the Regulation), by Commission decision (for the DA), by the Member States in a Comitology procedure (for the AWP) and by the Budgetary Authority (for the annual budget). Regular evaluations (see Stage 3)	If risk materialises, the Financial Instrument would be irregular. Theoretical impact 100% of the funds involved and significant reputational consequences. *Coverage /frequency:* 100%	**Effectiveness:** Where applicable, **opinions** by advisory bodies (recommendations, actions taken)
b) The Delegation Agreement is inadequate in coverage of operational and management provisions	b) The main principles were agreed with the IFI in the FAFAs (managed by DG BUDG)		
c) The selection of the IFI is not in line with FR & RAP criteria, especially re: 'alignment of interests'	c) EIB and EIF were pre-determined in accordance with the FR. They were also chosen in order to ensure continuity between the Seventh Framework Programme (FP7) and H2020.	*(see above)*	**Effectiveness**: IAS and ECA reports are analysed for major issues

Main risks *It may happen (again) that…*	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
d) The IFI (and the (sub)FI) does not have the experience and financial capacity / administrative & control capacity to ensure an effective & sound implementation of the Financial Instrument	d) The Council asked the Commission to continue working with the EIB and EIF, since these had managed RSFF/RSI well and therefore had demonstrated that they had the experience required. The negotiations with EIB/EIF for InnovFin focussed on the market gaps to be addressed, but also ensured that the necessary administrative capacity existed.		
e) The RSM (Risk-Sharing Mechanism) is too generous to the IFI (risk of unbalanced risks)	e) *Same controls as for a) above* The EU's risk share is defined in the Delegation agreement. The risk sharing model was agreed in line with horizontal guidance for Financial instruments from DG BUDG and ECFIN. It was also subject to a formal Commission decision.		

Stage 2 – Implementation of the Financial Instrument by the International Financial Institution (IFI), via Financial Intermediaries (FIs)

Main control objectives:

- Ensuring that the funds allocation is optimal (best value for public money; effectiveness, economy, efficiency); ensuring that the most promising Financial Intermediaries (FI), Final Recipients (FR) are selected to meet the policy objectives (effectiveness)
- Ensuring that the remuneration paid to the IFI is adequate (cost-effectiveness)
- Compliance (legality & regularity); Prevention of fraud (anti-fraud strategy); Safeguarding of assets and information; Reliable reporting (true and fair view)

Main risks *It may happen (again) that…*	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
a) The call for and selection of the contracted FIs and FRs is not in line with FR & RAP criteria for eligibility or exclusion, especially *'alignment of interests'* and *'no relations with offshore banking and tax havens'*	a) Responsibility for the call, for evaluating, proposing and selecting FIs, lies with the IFI (the FIs do not perform calls). Due diligence by the IFI, which checks as part of the evaluation that banks are not registered in tax havens etc. Redress procedure for FIs not selected (part of EIF's and EIB's evaluation procedure) Implementation of various controls by the IFI/FIs in accordance with the FAFA and Delegation agreement EIB's control strategy is presented to the Commission Ex-ante controls by IFIs at "contracting" stage – EIB has a large department with experts in specific	*Coverage / frequency:* determined by the IFI/FIs in accordance with the Delegation agreement *Depth:* determined by the IFI/FIs in accordance with the Delegation agreement	**Effectiveness:** Number of appeals to the selection decision (redress procedure) Number of cases obtaining redress **Efficiency:** Time to publication of selection results Time to contract

Main risks *It may happen (again) that…*	Mitigating controls	How to determine coverage frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)
b) The design of the accounting and reporting arrangements would not provide a True & Fair View c) the remuneration (structure and/or level) of the IFI ([20]), the reimbursement of any exceptional costs and costs for technical assistance or additional tasks would not be in line with the SFM objective (e.g., admin fees unjustifiably high)	technology areas who check ex-ante that the proposed projects for direct loans are eligible, excellent science and financially viable. An Eligibility Committee, managed by the Research and Innovation "Designated Service" (DS), is consulted on compliance with the eligibility criteria, before attribution of every direct EIB loan. On-the-spot verifications by IFIs – a "monitoring team" visits FRs on a needs basis during project implementation. A monitoring visit may also be made to an FI, if necessary. Ex-post controls ([21]) by IFI of project implementation: 100% checks of deliverables plus aggregated financial reporting to the Commission, including on loans called in. The results are reported to the Commission in the annual *"Summary report on audit and controls"*. Internal audits by IFI's IA department. Evaluation (interim and ex-post) of compliance with the policy objectives (impact of projects etc.) performed by independent experts. The interim evaluation for InnovFin was finalised and published in 2017. b) Separate records per Financial Instrument are to be kept by the IFI; and harmonised reporting has been required by the Commission. c) Fees and incentives are defined in the FAFA and the Delegation agreement, including an overall cap.	*On-the-spot verifications:* On a risk basis (during project) c) Assessment of the statement of expenses	**Effectiveness:** On-the-spot monitoring visits **Effectiveness:** Percent of loans called in c) **Economy:** Remuneration and costs for actually managed funds (compared to benchmark)

Stage 3 - Monitoring and supervision of the Financial Instrument by the Commission, incl. ex-post control and assurance building

Main control objectives:

- Ensuring that the operational results (deliverables) from the Financial Instrument are of good value and meet the objectives and conditions (effectiveness & efficiency); ensuring that the related financial operations comply with regulatory and contractual provisions (legality &

([20]) Remuneration may include administrative fees, treasury management fees and incentives as well as exceptional and unforeseen expenses.

([21]) i.e., after the signature of the loan.

regularity); prevention of fraud (anti-fraud strategy); ensuring appropriate accounting of the operations (reliability of reporting, safeguarding of assets and information).

- Ensuring appropriate accounting of the repayments and assigned revenue made (reliability of reporting).
- Ensuring that the (audit) results from the ex-post controls lead to assurance for the accountable AOD.

Main risks ***It may happen (again) that…***	**Mitigating controls**	**How to determine coverage, frequency and depth**	**Cost-Effectiveness indicators (effectiveness, efficiency, economy)**
a) The IFI (and the (sub)FI) provide support to activities which are not contributing to achieving the policy objectives and the implementation is not in compliance with applicable regulations and is not in accordance with the principle of sound financial management b) Internal control weaknesses, irregularities, errors and fraud are not detected and corrected by the IFI (and the (sub)FI), resulting in the EU funds not achieving the policy objectives and not complying with applicable regulations c) The IFI does not report information that Research and Innovation considers crucial d) The Financial Instrument transactions lead to contingent liabilities for the EU budget e) The governance chain between the responsible service and the accountable parties involved is unclear (Commission, IFI, FIs, sub-FIs and FRs)	a,b) Monitoring and supervision of the IFI/FIs is organised formally through the InnovFin Debt Steering Committee. Regular reporting (mid-year, annually and ad hoc) by the IFI to the Commission "Designated Service" on operational and financial performance and administrative costs. Annual reporting: Financial statements; Management declaration; Summary report of audits and controls; independent (external) audit opinion. *In case of a key issue (weak reporting, negative audit opinion, high risk operations, etc):* Reinforced monitoring and supervision, case/risk-based audits. *If needed:* The Commission has the right to suspend or interrupt payments, or even apply the exit strategy (winding-up) Referring IFI/FI to OLAF c) Annual report has to be audited by an independent auditor, who also reports on the control system d) The H2020 legal base stipulates that the EU's liability (i.e. financial risk) is limited to the contribution it has paid, so there can be no contingent or off-balance sheet liabilities over this amount. e) The reporting and accountability "chain" builds up from the sub-FI to the FI, to the IFI, to the Designated Service in the accountable DG. Overall, it is organised by DG BUDG for the whole Commission, in line with the Financial Regulation.	*Coverage:* 100% of the funding payments to the entrusted entity are controlled	**Effectiveness:** *Success ratios and KPIs for policy objectives* (e.g., "leverage", "co-risk taking", number of FRs supported by the Financial Instrument, disbursement rate) Major issues and potential weaknesses in the Research and Innovation Directors' report brought to the attention of the Director General. critical audit findings Number of cases submitted to OLAF **Efficiency** Timely reporting by the International Financial Institution **Cost-Effectiveness:** Total cost of monitoring and supervision by Research and Innovation over value delegated Management fees over value delegated The sum of the total cost of monitoring/supervision by Research and Innovation and management fees, over value delegated **Benefits:** value of the funding provided and leverage, as well as scientific excellence (innovation) **Losses:** e.g., write-offs of equity/loans, loan guarantees called

Main risks *It may happen (again) that…*	Mitigating controls	How to determine coverage, frequency and depth	Cost-Effectiveness indicators (effectiveness, efficiency, economy)

ANNEX 6 E PROCUREMENTS, EXPERTS AND OTHER

DG RTD made also payments related to procurements (EUR million 68), experts (EUR million 2) and others (EUR million 60), as shown in Annex 9 Table X, for which the risk has been assessed as low.The segments procurements, experts and other also includes administrative expenses for salaries and/or missions, which are reported by the service responsible for the commitment, although the payments are executed by another service, notably the PMO and/or DG HR ([22]). The executing service implements the necessary technical-level controls and submits a declaration to DG RTD on the compliance of these payments with the principle of sound financial management, as well as their legality and regularity. These expenses are considered to present a low level of risk and are therefore subject to a flat rate of 0.5%, as corroborated by the control results of the executing service(s). More information on the implemented controls can be found in the DG HR/PMO annual activity report(s).

([22]) Type III co-delegation for which these expenses were reported by the service executing the payments until 2024.

ANNEX 7: Specific annexes related to "financial management"

1. Horizon 2020 and Horizon Europe implementation model and key role of the Common Implementation Centre and Common Policy Centre

The Common Implementation Centre (CIC):

- designs the strategy and provides the framework for the coherent, effective and simplified implementation of EU RTD programmes.
- provides comprehensive and client-oriented services and advice on legal, audit, business process and IT issues.
- provides support to Commission services in charge of the supervision of the executive agencies and the funding bodies implementing EU RTD programmes and plays a coordination role and promotes a consistent approach among those services.

The CIC drives the digital transformation and harmonises project life-cycle management across the RTD family to maximise efficiency gains and synergies between EU entities and programmes. It provides data and knowledge to support policymaking and to stimulate the exploitation of results of the Framework programmes.

The Common Policy Centre (CPC) steers and co-designs, together with other directorates and Commission services in a collegial way, an overarching strategy and framework to invest in the EU's resources and to improve regulatory framework conditions for Research and Innovation.

The CPC coordinates programming and planning, programme analysis, monitoring and evaluation, budget and horizontal questions relating to partnerships and missions. The Directorate also steers activities related to research and innovation strategic economic analysis, foresight and innovation-friendly regulation. It coordinates data and knowledge management activities together with the Common Implementation Centre.

Since 2021, it steers the co-creation of the Draft Budget for Horizon Europe and Euratom, and illustrates the RTD budget during the inter-institutional negotiations. The CPC took the necessary measures to achieve an optimal budget implementation of all RTD programmes (legacy of Horizon 2020, Horizon Europe and Euratom) of the 2025 budget with a final level of execution of 99.99% both in commitment and payment appropriations.

The aim of the Commission decision on the Horizon Europe governance adopted in June 2021 ([23]) is to deliver better and more efficiently on the Commission political priorities. At service level, the enhanced role of the Research Budget Network (RBN), gathering all implementing and policy entities involved in Horizon Europe, facilitate the co-creation and final adoption of all budgetary aspects of the programme.

([23]) C(2021) 4472 final

2. Reports / documentation considered

The management monitors the functioning of the internal control systems on a continuous basis and carries out an objective examination with internal and external auditors. The results are explicitly documented and reported to the Director-General. The following reports / documentation have been considered:

- the reports submitted by the Directors (including monitoring of Joint Undertakings, Public-Public Partnerships and financial instruments) and by AOSDs where applicable;
- the Draft Activity Report from the Common Implementation Centre ("CIC") and Common Policy Centre (CPC) to all research related implementing bodies;
- the reports from Authorising Officers in other DGs managing budget appropriations in cross-delegation;
- the reports on control results from entrusted entities in direct management (Executive Agencies) as well as the results of the DG's supervisory controls on the activities of these bodies;
- the contribution by the Director in charge of Internal Control and Risk Management, including the results of internal control monitoring at DG level;
- the reports on recorded exceptions, non-compliance events and any cases of 'confirmation of instructions' (Art 93.2 FR);
- the synthesis of the Common Audit Service ex-post audit results;
- the observations and recommendations reported by the Internal Audit Service (IAS);
- the observations and the recommendations reported by the European Court of Auditors (ECA).

3. Financial Regulation: Additional reporting requirements resulting from the 2018 and 2024 revisions.

In line with the requirements of the Financial Regulation, DG Research and Innovation reports for the year 2025:

1. No cases of any in-kind donation made to the Union, for the purposes of humanitarian aid, emergency support, civil protection or crisis management aid (FR art 25.3)
2. No cases of "confirmation of instructions" (FR art 92.3)
3. No cases of financing not linked to costs (FR art 125.3)
   In 2025 there have been no Horizon Europe grants awarded with EU contribution in the form of financing not linked to costs ([24]).
4. No Financial Framework Partnerships >4 years entered into force during the reporting year 2025 (FR art 131.4)
5. No cases of flat-rates >7% for funding indirect costs (FR art 184.6) other than those allowed under the Horizon 2020 and Horizon Europe Rules for Participation ([25]), providing that indirect eligible costs are determined by applying a flat rate of 25% of the total direct eligible costs (FR art 181.6)

([24]) https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/guidance/ls-decision_he-womentecheu_en.pdf

6. Derogations from the principle of non-retroactivity pursuant to Article 196 of the Financial Regulation.

   One grant agreement entered into force in 2025 **derogated from the principle of non-retroactivity** pursuant to Article 193 of the Financial Regulation. In such cases, however, no costs were incurred prior to the date of submission of the grant application are eligible.

7. No Cases of financial support to third parties >EUR 60 000 (FR art 207) for H2020 and Horizon Europe
8. No cases of non-financial donations provided in the form of services, supplies or works (FR art 244.3)

4. Additional indicators on ex-post audits

a) Audit coverage

By the end of 2025, the Common Audit Service (CAS) in DG Research and Innovation audited 5 644 H2020([26]) and 140 Horizon Europe ([27]) participations **of the Research and Innovation Family**, covering, respectively, 64.55% and 8.90% of total expenditure to date.

The percentage of H2020 expenditure covered by the audits (64.55%) refers to the value of the participations of the audited beneficiaries. It includes both fully audited participations (3.95%), also referred to as the 'direct' coverage, and the non-audited participations, also referred to as the 'indirect' coverage, which after the full treatment of audit results, are clean from systemic errors (60.60%). For Horizon Europe, the total coverage is 8.90%, of which 0.70% is 'direct' coverage and 8.20% is 'indirect' coverage.

b) Audit target for 2025

The CAS managed to finalise audits on 394 H2020 participations corresponding to 103.4% of the 2025 target. Moreover, 150 Horizon Europe participations were audited, corresponding to 100.7% of the 2025 target.

c) Implementation rate of ex-post audit results and extrapolations

For the Horizon 2020 (including Euratom), Horizon Europe and Euratom Horizon Europe programmes DG RTD has processed respectively 93.93%, 100%, 75% of both the audit and the extensions. Details are depicted in the following table:

([26]) The Horizon 2020 audit campaign started in 2016. At this stage, six Common Representative Samples with a total of 948 expected results have been selected. By the end of 2025, cost claims amounting to EUR 61.3 billion have been submitted by the beneficiaries to the services. In addition to the Common Representative Samples, Common Risk Samples and Additional Samples have also been selected.

([27]) The Horizon Europe audit campaign started in 2024. At this stage, one Common Representative Sample with a total of 207 expected results have been selected. By the end of 2025, cost claims amounting to EUR 9.1 billion have been submitted by the beneficiaries to the services. The 140 closed participations at the end of 2025 include those selected under both the Common Representative Sample, and the Risk-based Samples.

Horizon 2020 & EURATOM under Horizon 2020					
DG R&I	**Audit results processed**	**% Audit results processed**	**Audit results pending**	**% Audit results pending**	**Total**
Audits	112	94,92%	6	5,08%	118
Extensions	151	93,21%	11	6,79%	162
Total	263	93,93%	17	6,07%	280
Horizon Europe					
DG R&I	**Audit results processed**	**% Audit results processed**	**Audit results pending**	**% Audit results pending**	**Total**
Audits	2	100,00%	0	0,00%	2
Extensions	0	0%	0	-	0
Total	2	100,00%	0	0,00%	2
EURATOM under Horizon Europe					
DG R&I	**Audit results processed**	**% Audit results processed**	**Audit results pending**	**% Audit results pending**	**Total**
Audits	0	0%	0	-	0
Extensions	9	75,00%	3	25,00%	12
Total	9	75,00%	3	25,00%	12

In 2025, 44,62 % of the audit results were implemented within the target period of 6 months (29 out of 65 results). Details of the progress are depicted in the following table:

Time to implement closed audit results in financial year 2025					
DG R&I	**0-6 months**	**% of total number (0-6 months)**	**above 6 months**	**% of total number above 6 months**	**Total**
Closed projects	**12**	**25,53%**	**35**	**74,47%**	**47**

Negative adjustments with recovery	0	0,00%	7	100,00%	7
Negative adjustments without recovery	0	0,00%	24	100,00%	24
Positive or zero adjustment	12	75,00%	4	25,00%	16

DG R&I	0-6 months	% of total number (0-6 months)	above 6 months	% of total number above 6 months	Total
On-going projects	**17**	**94,44%**	**1**	**5,56%**	**18**
Negative adjustments	5	83,33%	1	16,67%	6
Positive or zero adjustments	12	100,00%	0	0,00%	12
Total	**29**	**44,62%**	**36**	**55,38%**	**65**

5. Progress made on action plans to both reduce the error rate on Horizon 2020 and prevent a high error rate in Horizon Europe

Following an IAS Limited review on the implementation of the Action Plans for the reduction of the Horizon 2020 error rate and for simplifications to reduce the Horizon Europe error rate, and based on the original action plans agreed with central services, DG RTD prepared in 2022 a reprioritized Action Plan to both reduce the error rate on Horizon 2020 and prevent a high error rate in Horizon Europe.

The highest priority has been set on communication, both external and internal. Dedicated webinars and trainings addressed to beneficiaries have been organized all along the year for Horizon Europe. Besides, In the context of the Client centricity project (CCP), the error-rate reduction campaign launched in 2024 continued, with three additional rounds of personalised notifications sent to the most error-prone beneficiaries approaching their reporting deadlines. These notifications were revised to maximise their impact and included practical tips on how to avoid the most common errors. Moreover, the Horizon Europe Learning Framework -launched in early 2024 - continued and the internal trainings enforced in EU Learn were followed by 2126 colleagues in 2025. The aim of the learning framework is to empower users to make optimal use of IT tools and contribute to improving and streamlining controls.

Regarding the increased use of simplified cost options, the Commission has implemented the European Court of Auditors' recommendations on lump sum grants published in its 2022 annual report, in line with the expected target dates. In particular, the Commission has put in place an ex-post control strategy for lump sum grants, developing a methodology for ex-post technical reviews that goes beyond the previous project monitoring and checks the accuracy of projects against evidence in the technical supporting documents.

In 2025, 32 of the 33 ex-post technical reviews launched by the Research and Innovation family were completed (none concerning grants managed by DG RTD). More specifically,

- The three reviews under **Horizon 2020** were completed without findings.
- 29 of 30 reviews under **Horizon Europe** were completed, out of which:
    - 28 without findings,
    - one with findings, and
    - one pending finalisation.

Furthermore, three additional reviews were agreed with the relevant Executive Agencies to be launched in early 2026.

The preliminary results suggest, as expected, that lump sums result in fewer errors. Since only relatively few lump sum projects have been subject to an ex-post technical review so far, these results are not statistically significant yet and will need to be corroborated by further reviews as part of the multi-annual ex post control strategy.

At this stage, the overall error rate for Horizon Europe remains nearly entirely determined by the estimated error rate on cost-reimbursement grants. With the share of lump sum grants and payments gradually increasing, the lower error rate on lump sum grants is expected to lead to a lower overall error rate in the future. The Commission has also made further updates to the expert briefing, internal training, and internal guidance for call coordinators and project officers regarding terminology, acceptance of work packages, and documenting the budget assessment, as well as updating the guidance on how to describe activities in work packages in the Horizon standard proposal templates. All relevant support and guidance on lump sums are available online in one place for internal and external users, respectively. This includes all internal and external events of the information campaign, including the three webinars for external participants on how lump sum grants function, three internal training sessions for PO's on how to manage lump sum grants and proposals, and two training session for call coordinators of lump sum topics all held in 2025. Tools and guidance are continuously improved following the feedback received, for example the detailed budget table and FAQs.

In line with the action plan, DG RTD is proceeding with the roll-out of lump sums in Horizon Europe. Lump sums accounted for more than 35% of the overall call budget for the 'main' work programme for 2025 and reached the goal of at least 50% of the call budget in the 'main' work programme 2026-2027, adopted in December 2025.

The Horizon Europe mid-term evaluation, adopted on 30 April 2025, complemented existing assessments of lump sum funding with further data and analysis (e.g. to quantify the administrative savings). In addition, it confirmed that lump sum grants help avoid financial errors while safeguarding the EU's financial interest and help shift the focus during the implementation stage from financial controls to the project's content, and that controls have been effective and lead to some reductions at evaluation and payment stage, which is reassuring with regard to safeguarding public finances.

The uptake of the personnel unit cost scheme, launched in May 2024 as an additional simplified cost option, remained limited in 2025 (5 beneficiaries opted for it so far). Nevertheless, unit costs offer simplification potential. Therefore, the CIC is continuing to reflect on possibilities for further improvement to increase the attractiveness of the measure for beneficiaries under the next Horizon Europe programme, while keeping any improved methodology as lean and simple as possible.

DG RTD is part of a broader corporate initiative called Corporate Arachne+, led by DG BUDG and implemented by DG DIGIT. This project aims to create a unified IT system for data analysis and risk assessment, which will integrate data from various internal systems and sources, including external databases like ORBIS and WorldCompliance. Arachne+ will utilize advanced data analytics and Artificial intelligence/Machine Learning to develop predictive algorithms for risk forecasting, such as identifying the likelihood of a company going bankrupt within 18 months or committing double financing.

As a participant in the Arachne+ working group, DG RTD is actively contributing to the business development of the system. Starting from the next MFF, the provision of data will be mandatory for all EU services for Arachne+.. RTD users and data will be onboarded in Phase 4 of the project, scheduled to begin in mid-2026 (provisionally). Further details on this integration will be discussed and finalized as the project timeline approaches.

Finally, DG RTD developed a technical solution to identify entities linked to high-risk suppliers, using Orbis data and information theory algorithm. DG RTD also deployed an initial version of a tool designed to identify entities worldwide that are owned by Russian entities.

6. Main output indicators for sound financial management and fraud risk management set in the Management Plan 2025

Sound Financial Management

Objective: The authorising officer by delegation has reasonable assurance that resources have been used in accordance with the principles of sound financial management and that cost-effective controls are in place which give the

necessary guarantees concerning the legality and regularity of underlying transactions			
Main output in 2025:			
Output	**Indicator**	**Target**	**Result (31/12/2025)**
Effective controls: Legal and regular transactions	Estimated risk at payment and at closure for Horizon 2020 grants	As close as possible to 2% of relevant expenditure	Current overall detected Representative Error Rate: 3.83% (cumulative, all years until the end of 2025). Current overall Residual Error Rate: 1.78% (cumulative, all years until the end of 2025)
	Estimated risk at payment and at closure for Horizon Europe grants	Below 2% of relevant expenditure.	Current overall detected Representative Error Rate: 4.38% (cumulative, all years until the end of 2025). Current overall Residual Error Rate: 4.05% (cumulative, all years until the end of 2025).
	Estimated overall risk at payment and at closure	Below 2% of relevant expenditure.	Estimated overall risk at payment 2.32% and at closure 2.08%
Effective controls: Safeguarded information	Number of security incidents with significant impact ([28]) on the confidentiality, integrity or availability of Information Systems ([29]), reported during the year	No incident with significant impact	0
Efficient controls	Timely payments	99% of payments (in value) made on time	99%
	Operational budget execution	99% of operational commitment and payment appropriations (credits expiring in the year)	100% for Commitment 100% for payments
Cost of controls, Effectiveness control	Overall estimated cost of controls for DG RTD	Below 3% of funds managed	0.7%

Fraud risk management

[2]The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission anti-fraud strategy (30) aimed at the prevention, detection and correction (31) of fraud		
Indicator 1: Implementation of the actions included in both RAFS (research and innovation family) and DG RTD's anti-fraud strategies over the whole lifetime of the strategic plan (2025-2029) **Source of data: DG RTD's annual activity report, DG RTD's anti-fraud strategy, OLAF reporting**		
Baseline (2024)	**Target** (2029)	**Latest known results** (situation on 31/12/2025)
100% of due actions implemented in 2024	100% of due actions implemented each year	100% of due actions implemented in 2025

Main outputs in 2025:

Output	Indicator	Baseline	Target	Results (31/12/2025)
Enhanced data analysis	Selection of beneficiaries (participations) for risk-based audits	480	Continuous 480	480
Fraud Prevention and Irregularities in Research (FAIR) Committee	Number of meetings	2 meetings	Up to 4 meetings by 31 December 2025	3 FAIR Committee meetings were held in 2025
Centrally adopted R&I Family's Anti-Fraud Strategy (grants) within the FAIR Committee, and locally implemented.	Percentage of implemented planned actions in the Strategy	100% of planned actions	Continuous - 100%	100%
Increased level of staff awareness about the Commission ethics	Newcomers have received relevant information on ethics	All newcomers	Yes All newcomers	YES

(28) Any incident meeting one or more of the following criteria:

- The incident concerns EU Classified Information
- The incident has the potential to cause a high impact to the security or reputation of the Commission, or a high financial cost
- The incident has a high organisational or political significance
- The incident cannot be remedied by the DG's own resources
- The incident requires specialist, forensic or judicial investigation (e.g. when the Commission is likely to take disciplinary or legal action).

(29) Any Communication and information system' or 'CIS', i.e., a system enabling the handling of information in electronic form, including all assets required for its operation, as well as infrastructure, organisation, personnel and information resources. This definition includes business applications, shared IT services, outsourced systems, and end-user devices.

(30) Communication from the Commission 'Commission Anti-Fraud Strategy: enhanced action to protect the EU budget", COM(2019) 176 of 29 April 2019 – 'the CAFS Communication' – and the accompanying action plan, SWD(2019) 170 – 'the CAFS Action Plan'.

(31) Correction of fraud' is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.

rules and ethical issues, and in particular the risk of conflicts of interests	obligations as part of the welcome package.			
Increased level of new staff awareness on anti-fraud	Newcomers dealing with grants have followed an anti-fraud training	All newcomers	Yes All newcomers	YES

7. Supervision arrangements for Executive Agencies (EA)

The framework of supervision of the Executive Agencies complemented in 2022 by the signature of the general Memorandum of Understanding (MoU) provisions by all six Executive Agencies in 2022 was completed in 2023 by signing the HE MoU with EISMEA.

Building on the Guidelines and the MoUs, the CIC will further detail the supervision framework of the Commission. This framework defines the supervision of Executive Agency as the interaction between the Commission and the Agency aimed at steering and monitoring the Agency in order to ensure that it achieves its goals effectively and efficiently, in compliance with rules and regulations.

The supervision of the Executive Agencies is the responsibility of all parent DGs through their participation in the Steering Committees. However, to avoid the duplication of efforts, the lead parent DG has specific responsibilities in relation to the monitoring and supervision of horizontal functions and compliance with rules and regulations. These specific responsibilities are performed in close coordination with the other parent DGs and the result of these supervision tasks is communicated to the other parent DGs.

The Executive Agency's Director ensures that the members and observers of the Steering Committee receive all relevant information and reliable control results needed for the appropriate fulfilment of their mandates. DG Research and Innovation is the lead parent DG for three EAs, the ERCEA, the REA and the EISMEA. The Director-General of DG Research and Innovation is chairing the Steering Committee meetings for these agencies. For the other two EAs, CINEA and HaDEA, for which DG Research and Innovation is not the lead parent DG, the Director responsible for the operational area concerned represents DG Research and Innovation in the Steering Committee.

The annual planning and reporting cycle forms the basis of the monitoring and supervision of the Executive Agencies' activities by the Steering Committee. In particular, the Annual Work Programme contains an obligation of assessment of risks and risk exposure, and it provides several key performance indicators. These constitute the benchmark against which the performance of the EAs is monitored through its interim reporting and the Annual Activity Report.

Other tools for the supervision are the monitoring of activities through the participation in the Steering Committee, the analysis of the reporting produced by the Agencies complemented by other relevant sources of information such as the report from the Discharge Authority, ECA, IAS and OLAF, the organisation of regular and ad-hoc meetings, and coordination between (lead) parent DGs, Central Services and Executive Agencies in order to promote harmonisation of documents and procedures between the Agencies and identify the best working practices. In case of serious concerns and as a last resort with respect to the operations of the Agency, the parent DG(s) may carry out on-the-spot checks in the Agency.

8. Monitoring arrangements for Joint Undertakings (Article 187 bodies)

The monitoring and accountability arrangements include the following:

- the Commission represents the Union in the Governing Board. The number of Commission representatives and their DG of origin differ in each joint undertaking. Arrangements are in

place between DGs to ensure that all proposals to the Governing Board are properly assessed and the Commission position agreed (Mutual Expectations Note). The Commission is involved in the preparation of these proposals, namely the content of work programmes;

- each Joint Undertaking is required to produce a Consolidated Annual Activity Report;
- the Joint Undertaking's Executive Director signs a declaration of assurance in line with the one used in the Commission;
- the Joint Undertaking is required to inform the Commission without delay of any significant developments in the areas of risk management, control and audit;
- for Horizon 2020 and Horizon Europe, the Joint Undertakings are integrated into the Research and Innovation Family, adopting (sometimes progressively) the IT tools and business processes of the Family, and with audits undertaken by the Common Audit Service; the joint undertakings have adopted a Jus common implementation approach to the Horizon Europe Control strategy.
- The Commission may request any additional information deemed necessary and the Commission has the right to carry out checks and audit on the proper implementation of the entrusted tasks in compliance with the Financial Framework Partnership agreement (FFPA);
- the Commission's IAS may carry out audits in the Joint Undertakings, and DG Research and Innovation will receive the reports for action if necessary;
- the ECA is the external auditor of the Joint Undertakings, and DG Research and Innovation receives copies of the reports for action if necessary;
- there are extensive informal and formal contacts regarding research matters, as well as on questions of internal control, audit (the JUs are members of the Committee on Audit in Research), internal control, etc..
- The Common service for executive agencies and funding bodies provide support to the Commission services in charge of the supervision of the funding bodies implementing Horizon Europe ([32]). It plays a coordination role and promote a consistent approach among those services and provide a contact point for questions concerning Joint undertakings.

It contributes to:

- the monitoring of compliance of Joint undertakings with the applicable internal control.
- the coordination of the planning and reporting and follow up of the recommendations and actions addresses to the Joint undertakings as regards Horizon Europe implementation.
- the efficient and effective governance of the Joint undertakings, in coordination with the other relevant services
- the follow up the budgetary and human resources aspects and provide support to the evaluation and review of the joint undertakings.

([32]) Commission decision (C(2021)4472 on the coordinated implementation of Horizon Europe and on the operating rules for the CPC and the CIC

The Common service for executive agencies and Joint undertakings organises regular meetings with the operational units responsible of the Joint-undertakings and directly with the Joint-undertakings in order to ensure a harmonisation in the implementation of the programme and the share of the best practices.

JUs have to apply the rules for participation of the relevant framework programme in relation to their funding, with derogations where specified in their basic act.

There is a contribution agreement/financial framework partnership agreement between the Commission and the entity setting out its obligations;

DG Research and Innovation assurance is based, *inter alia*, on the following items:

- the confirmation from the JUs that no reservation will be issued in their AARs 2025
- the risk registers of the JUs (no critical risk affecting the assurance of DG RTD)
- the monitoring of the information regularly provided to the Governing Board members

Moreover, historical data on JUs indicates that their error rates are lower than those of the RTD family for Horizon 2020.

9. Monitoring arrangements for Public-Public Partnerships (Article 185 bodies)

The monitoring and supervisory arrangements include the following:

- the Commission is an observer in the boards;
- there is a contribution agreement/financial framework partnership agreement between the Commission and the body setting out its obligations;
- the bodies are subject to an ex-ante pillar assessment;
- the work programmes are approved by the Commission;
- the Commission receives annual reports from the bodies, including a management declaration and an audit certificate;
- the Commission has the right to suspend payments if the reports are considered to be inadequate;
- there are interim and ex-post evaluations to ensure that the bodies are achieving their policy objectives;
- the decisions providing for the Union's contributions to the programmes include conditions regarding the governance of the bodies and how the EU funding may be used.
- The Common service for executive agencies and funding bodies provide support to the Commission services in charge of the supervision of the bodies implemented under Art 185 implementing Horizon Europe[16] (It plays a coordination role and promote a consistent approach among those services and provide a contact point for questions concerning these bodies.

10. Supervision arrangements for InnovFin financial instruments implemented by EIB/EIF

The principles and details regarding the supervision of the budget entrusted to the EIB and EIF for InnovFin were established in 2015 along with the respective internal control system aiming to ensure that the achievement of operational objectives respects the principle of sound financial management. They were updated in January 2023 to consider the revised underlying financial rules and the organisational changes following the creation of the agency. The revision of February 2024 included provisions as regards the updated governance for the post 2020 period.

This includes a supervision strategy and procedure as well as relevant key documents. This is complemented by the annual reporting on the control strategy that the EIB is required to present to the Commission according to the Delegation Agreement. The Director-General of DG Research and Innovation approved the EIB supervision strategy and control procedure early 2016.

In accordance with the Delegation Agreement, both entrusted entities (EIB and EIF) submit to the Commission for each financial instrument the following documents:

- management declaration of assurance annexed to the financial statements in the form defined in the Financial and Administrative Framework Agreement,
- summary report on audits and controls carried out in the period in question, including an analysis of the nature and extent of errors and identified weaknesses in systems if any, and any corrective actions taken or planned,

independent audit opinion on the management declaration and the summary report on audits and controls

11. Supervision arrangements for EIC FUND implemented by EIB/EIF

The EIB's specific obligations for supervision and control of the EIC Fund are set out in the Contribution Agreement between the European Commission and the EIB as part of the 3rd Restructuring Decision. The Contribution Agreement acknowledges that the EIB is pillar-assessed for indirect management and that the EIC Fund Articles of Association and the EIC Fund Private Placement Memorandum (PPM) are binding on the EIC Fund and its shareholders. With the 3rd Restructuring Decision, the EIB has become sole shareholder of the EIC Fund.

Following article 4 of the Contribution Agreement the EIB "shall ensure the functioning of and implement effective and efficient control and monitoring systems with regard to the implementation and management of the Financial Instrument (including effective and proportionate anti-fraud measures taking into account the risks identified)" for the duration of the Agreement and provide operational and financial reporting to the designated service.

The EIB submits to the Commission the EIC Fund's Unified Financial Statements and reporting packages, other reports and the EIC Fund management declarations of assurance. It also submits to the Commission an own management declaration of assurance, confirming the completeness and accuracy of the EIC Fund reports following applicable accounting principles, ensuring the reliability of reporting from the EIC Fund.

To ensure sound financial management, namely the effectiveness, efficiency and economy of operations, the Private Placement Memorandum (PPM), contains financial and operational reporting obligations of the EIC Fund. These obligations consist of:

- regular reporting obligations for private venture capital funds under Luxemburgish law, including notably the annual accounts
- additional financial reporting requirements derived from the EU/EIC context.

The new PPM in force since 1 January 2024, annex 7 of the 3rd Restructuring Decision, broadens the EIC Fund Board's supervision responsibilities also over the EIC Fund's service providers.

In terms of operational reporting, the Contribution Agreement tasks the EIB to pass on without undue delay the operational reporting from the EIC Fund to the Commission. In addition, the EIB shall appoint an external independent auditor to perform an ad-hoc verifications as to (i) the completeness and accuracy, as the case may be, of the operational reports prepared by the EIC Fund and submitted to the Commission and (ii) their compliance with the respective provisions of the EIC Fund Private Placement Memorandum.

The EIB has provided the Management declaration of assurance from the EIC Fund on 10 February 2026.

The EIC Fund arranges for the unaudited Unified Financial Statements to be audited by an independent external auditor and shall submit the audited Unified Financial Statements to the EIB (along with the audit opinion itself and the external auditors' management letter) by 31 March of each year following the Effective Date (excluding for the avoidance of doubt, 2024). The audit opinion shall state whether the Unified Financial Statements are prepared in accordance with the accounting rules referred to in Section 13.18. By 15 April of each year following the Effective Date (excluding, for the avoidance of doubt, 2024), the EIB shall submit to the EU Commission (along with the audit opinion itself) the set of audited Unified Financial Statements for the previous calendar year. To the extent the EIB receives the same, it shall provide to the EU Commission a copy of the external auditors' management letter, which may include observations on the main internal controls, if applicable, and the corrective measures, if any.

The Commission and EIB acknowledge that the EIB is pillar-assessed for indirect management and that the EIC Fund Articles of Association and the EIC Fund Private Placement Memorandum are binding on the EIC Fund and its shareholders.

12. Payments under type III co-delegation

In 2025, administrative expenses related to salaries and/or missions are reported by the service responsible for the commitment, although the payments were executed by another service, notably the PMO and/or DG HR ([33]), which, until 2024, also reported the corresponding expenditure. This new reporting arrangement was introduced in the context of data rationalisation linked to the implementation of the Commission's new IT accounting system. In 2025, these expenses represented 1.12% of DG RTD's total payments.

([33]) Type III co-delegation.

12. Costs of controls in direct grant management

Following DG BUDG guidance ([34]) the costs of the controls in direct grant management is assessed based on the costs of the different control stages. The overall assessment is obtained from the ratio between all those costs and the total amount of payments for grants in the year. The costs of control for direct grant management (3.76%) can be divided in three main categories of costs:

- Costs of controls in DG Research and Innovation (1.74%),
- Costs of services provided by the Common Implementation Centre (CIC), which is hosted by DG Research and Innovation (0.86%),
- Costs of common support services provided by REA for proposal evaluation/selection hosted by REA and presented in REA's AAR. (1.16%)

Costs of controls in DG Research and Innovation

The costs of controls in DG Research and Innovation, which are estimated at 1.74% of payments (EUR million) are the sum of:

a) Direct costs dedicated to control activities (1.55%) ([35])

b) Costs of horizontal related control tasks not attributable to a single relevant control system (0.19%) ([36])

Costs of ex-ante and ex-post services provided by the Common Implementation Centre, which is hosted by DG Research and Innovation

The costs of ex-ante and ex-post services provided by the Common Implementation Centre represent 0.86% of the total Horizon 2020, Horizon Europe, and EURATOM implemented budget (in terms of payments). This is somewhat higher compared to 2024, primarily due to the lower amounts paid. The details are depicted in the following table:

Costs of ex-ante and ex-post services provided by the Common Implementation Centre, which is hosted by DG Research and Innovation			
Direct grant management	**Costs (in EUR million) ([37])**	**2025 Grants payments for the R&I family ([38]) (in EUR million)**	**Overall rate** (total costs/total amount paid)

([34]) DG BUDG Guidance on the estimation, assessment and reporting on the cost-effectiveness of controls - Updated edition – December 2020

([35]) These costs are presented in the first line of table Y Overview of DG RTD estimated cost of controls at Commission (see below sub-section 13). They are composed of staff costs (EUR 2.2 million) and costs of experts in charge of the monitoring of grants and of ethics checks (EUR 0.13 million)

([36]) These Costs of horizontal related control tasks not attributable to a single relevant control system are presented table Y Overview of DG RTD estimated cost of controls at Commission (see below sub-section 13). They regroup costs of general coordination (Strategic Programming and Planning, Internal Control, Assurance, DG RTD budget and accounting and DG RTD anti-fraud activities)

([37]) Data from Atlas (01.2026) for internal costs and CIC budget execution for external costs (IT Costs related to eGrants for the R&I family and ex-post audit costs paid to audit firms).

([38]) Data from Common Research Data Warehouse (CORDA) 01.2026

	Internal costs	External costs	**Total**	**Total amount** H2020 and HE	**%**
Ex-ante controls (mainly Common services in IT systems and operations)	6,06 €	25,21 €	**31,28 €**	9.818,53 €	**0,32%**
				H2020	
Ex-posts audits	8,10 €	0,30 €	**8,40 €**	1.557,87 €	**0,54%**
TOTAL	**14,17 €**	**25,51 €**	**39,68 €**		**0,86%**

These figures on costs of controls are estimations and should be read with caution.

Data from the DG Human Resources' IT tool "Activity and Task Logging for Allocated Staff" (ATLAS) was used to estimate the cost of control in grant management both for DG Research and Innovation and the Common Implementation Centre.

The Full Time Equivalents (FTEs) used for the calculation were extracted from ATLAS on 06/02/2026 and the average FTEs costs used are those communicated by DG BUDG, which include building and other administrative and ICT costs.

The Atlas activities used, were those identified by DG BUDG in its guidance[4] for the estimation of the costs of controls for DG Research and Innovation and the CIC: Programme management and monitoring, Financial Management, Budget and accounting, General Coordination including Strategic Programming and Planning, Anti-fraud, and ICT.

External costs for the Common Implementation Centre include IT costs as well as ex-post audit costs paid in 2025.

Costs of ex-ante controls direct grant management in DG RTD is composed of related staff costs of control for programme management and financial control and cost of expert monitors and ethics.

DG RTD costs related to general coordination (including Strategic Programming and Planning, Internal Control, Assurance), to budget and accounting, and to anti-fraud, which are not attributable to a single relevant control system, have been reported separately in table Y under the line "Horizontal control-related tasks not attributable to a single relevant control system". They represent 0.19% % of DG RTD 2025 payments.

Cost related to the implementation of ex-post audits

DG Research and Innovation costs related to the implementation of the audit results and extrapolation cannot be identified as such on a systematic basis. They are presented as part of the costs of programme and financial management.

Research and innovation Framework Programmes

DG Research and Innovation does not distinguish costs between Horizon Europe, Horizon 2020 and EURATOM, complementing the research programmes, although their control systems are not

fully the same. The value of the indicators depends strongly on the implementation stage of the programme.

Conclusion

According to the three main categories of costs provided above, in 2025 the overall cost of the controls in grant management is estimated at 3.76 % (EUR 5.6 million) of the total implemented budget (in terms of payments) in 2025. The increase compared to last year (2.76%) is mostly due to the lower level of expenditure. The overall cost of control of the total implemented budget is lower than 2024 (EUR 8.1 million in 2024).

- Overview of RTD's estimated cost of controls at Commission (EC) level

EXPENDITURE The absolute values are presented in EUR

RTD	Ex ante controls***			Ex post controls			Total	
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
Segment of expenditure (as in Table X) / Relevant Control System (RCS) / Other as defined in Annex 6 of the AAR*	EC total costs	related payments Made	Ratio (%)** *(a)/(b)*	EC total costs	total value verified and/or audited	Ratio (%) *(d)/(e)*	EC total estimated cost of controls *(a)+(d)*	Ratio (%)** *(g)/(b)*
Grants direct management (H2020 HE and EURATOM)	2.314.803,90 €	148.993.369,13 €	1,55%	- €	- €	0,00%	2.314.803,90 €	1,55%
Contributions and/or funds to Entrusted Entities (Executive agencies, Articles 185 and 187 bodies)	4.022.183,40 €	1.256.193.475,85 €	0,32%	- €	- €	0,00%	4.022.183,40 €	0,32%
Financial Instruments - EIC Fund	809.781,24 €	693.285.162,00 €	0,12%	- €	- €	0,00%	809.781,24 €	0,12%
Financial Instruments - InnovFin	80.978,12 €	- €	0,00%	- €	- €	0,00%	80.978,12 €	0,00%
Horizontal control related tasks not attributable to a single relevant control system	4.179.820,41 €		0,00%	- €	- €	0,00%	4.179.820,41 €	0,00%
OVERALL total estimated cost of control at EC level for expenditure	**11.407.567,07 €**	**2.098.472.006,98 €**	**0,54%**	**- €**	**- €**	**0,00%**	**11.407.567,07 €**	**0,54%**

SHARED/POOLED CONTROL ACTIVITIES (RTD & REA)

Common Implementation Center - Common Audit Service excluded (only DG RTD)	31.275.721,00 €	9.818.529.366,05 €	0,32%	- €	- €	0,00%	31.275.721,00 €	0,32%
Common Audit Service (only DG RTD)	- €	1.557.873.691,45 €	0,00%	7.804.185,00 €	488.728.972,74 €	1,60%	7.804.185,00 €	0,50%
Validation services (only REA)	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%
Expert management (only REA)	- €	- €	0,00%	- €	- €	0,00%	- €	0,00%

13. Table Y on the estimated "cost of controls" at Commission level

***related payments made for RTD share/pooled control activities are: RTD family payments for Horizon 2020 and Horizon Europe for the line "Common Implementation Centre costs - common audit service excluded" and RTD family payments for Horizon 2020 grants for the line "Common Audit Service costs"

The overall cost of control for the relevant control systems presented in table Y is below 3% of the implemented budget and amounts to 0.7%. It refers to the Relevant Control Systems representing approximately 94% of the total payments of DG RTD in 2025. Therefore, Table Y does not include the amounts referring to Procurements, Other, and Experts, which include the payments for salaries and missions executed by DG HR and the PMO. Details of the estimated cost of the control activities related to payments for salaries and/or missions executed by DG HR/PMO are reported in their respective annual activity report(s). This explains the difference between tables X (in Annex 9) and Y of a total of EUR 105.05 million.

The cost referring to the control of the InnovFin financial instruments is given as an absolute amount (and not as a percentage) as no payments were made to the instrument in 2025.

Details of the estimated cost of controls related to shared/pooled control activities carried out by REA for the Research and Innovation family are reported in the Annual activity report of REA.

Details of the estimated cost of the control activities related to payments for salaries and/or missions executed by DG HR/PMO are reported in their respective annual activity report(s).

ANNEX 8: Reporting on the internal and external audits and assessing the effectiveness of internal control systems

Details on the Internal Control assessment

The internal control assessment of DG RTD was performed in compliance with the methodology established by DG BUDG ([39]). It was based on an evaluation of monitoring indicators defined in the DG Research and Innovation Internal Control Framework complemented by a desk review of the analysis of information from various sources such as:

1) the Directors' reports for 2025 and the 2025 risk assessment exercise at Directorate-General level;
2) the reports on recorded exceptions, non-compliance events, and any cases of confirmation of instructions (art 93.2 FR);
3) the observations and recommendations reported by the Internal Audit Service and conclusion of the Internal Auditor on the state of internal control in DG Research and Innovation;
4) the observations and recommendations reported by the European Court of Auditors;
5) the DG BUDG reports on follow-up of recommendations on the validation of Local Systems;
6) the error rates for Horizon 2020 and Horizon Europe.

In 2025, DG RTD registered a non-compliance event and four exception requests, none of which resulted from a systemic issue or an internal control weakness.

During the Internal Control assessment, the progress (or completion) of the implementation of recommendations related to deficiencies already registered from previous audits, has been considered.

New deficiencies were identified mainly related to the EIC grant agreement preparation and award procedures in EISMEA and DG RTD and the management of in-kind contributions under Horizon Europe in DG RTD, as a result of one "Critical" and three "Very Important" IAS recommendations, issued in the respective IAS audits. The IAS approved the Action Plans for both audits, and the DG will allocate the necessary resources to implement them in the shortest possible delay and within the agreed timeframe. The timeframe for both these Action Plans forecasts a completion by Q3 or the end of 2026.

These deficiencies impact the assurance. Therefore, a reservation on reputational grounds concerning weaknesses affecting the EIC award decision process was issued.

([39]) Implementation guide of the internal control framework of the Commission.

The main elements of the audits conducted and concluded by the European Court of Auditors and the IAS are presented in the following sections.

Finally, the CIC calculated the residual error rate within grants payments in the Horizon Europe Framework Programme (including Euratom), implemented directly and indirectly by DG RTD at 4.05% for the research and innovation family. As this rate is above the 2% threshold, a reservation was issued (please see annex 9).

1. European Court of Auditors (ECA)

1.1. Annual report 2024

The ECA's Annual Report was published the 9 October 2025. Chapter 5 of the Court's Annual Report relates to the findings and recommendations of the MFF sub-heading 1a, "Single Market, Innovation and Digital", which includes Research and Innovation Framework Programmes.

The error rate is established at 3.2% (in the low range compared to previous years). The ECA concludes that despite all the simplification measures introduced into the legal base over time and the Commission's guidance to beneficiaries, the situation has remained unchanged for years for the personal direct costs. Against this background, the ECA notes that the Commission aims to further increase the use of lump sum funding to simplify project reporting and the disbursement of the EU financial support.

The ECA addressed two recommendations dealing with the review of the implementation of lump sum grants and the improvement of the management of financial support to third parties, requesting the Commission to

- review a representative sample of lump sum grants, and analyse the lessons learnt from the implementation of lump sum grants to date and the methods used to establish the EU financial support with the aim of providing input for the future use of lump sum funding.
- improve the management of financial support to third parties by
    a) establishing minimum control standards to be applied by beneficiaries to ensure effective checks on the regularity of EU spending;
    b) requiring that the relevant obligations stemming from the EU grant agreement are also reflected either in agreements concluded between the beneficiaries and third parties or in the beneficiaries' rules communicated to the third parties;
    c) providing sufficient justification where work programmes or calls allow individual third-party support above €60 000.

Additionally, in the context of Chapter 3 "Getting results from the EU budget", the ECA examined the Commission's reporting on performance for heading 1 "Single market, innovation and digital". The ECA concluded that overall, the performance indicators reported for both periods in the PPs (2014/2020 and 2021/2027) were based on the SMART principle.

Finally, the recommendation from the Annual Report on 2021, on the Personnel Cost Wizard for Horizon Europe, has been fully implemented in mid-2025, as agreed, but after the finalisation of the Court's report on 2024.

1.2. Performance Audits and Special Reports

During 2025, two performance audits directly or indirectly related to DG Research and Innovation were finalised.

1.2.1. EU actions tackling sea pollution by ships (Special report 06/2025)

The report focused on ship-source pollution, which is one of the key sources contributing to contaminating seawater. The ECA concluded that the EU rules addressing ship-source pollution were improving, but that implementation and enforcement had weaknesses, and that data was insufficient to measure results.

DG RTD will lead the implementation of the third recommendation of the report: "The Commission, together with the member states, should follow up on issues relating to scaling up, which affect EU-funded projects that tackle ship-source pollution.".

1.2.2. Transparency of EU funding to NGOs (Special report 11/2025)

Overall, the ECA concluded that EU funding granted to NGOs in internal policies was not sufficiently transparent despite improvements observed since its previous special report in 2018. In general, the Commission and other implementing bodies verify key transparency requirements before granting EU funds to NGOs, but do not proactively check compliance with EU values.

DG RTD is impacted by the second recommendation of the report: "To ensure that the information disclosed in the Financial Transparency System is comparable and useful, the Commission should improve its completeness and timeliness by increasing the frequency of updates and covering second-level recipients of EU funds for direct and indirect management."

The recommendation was only partially accepted. The Commission will explore the feasibility of incrementally publishing annual data in the Financial Transparency System, and, therefore, to increase the frequency of updates. DG BUDG will be leading the implementation of the recommendations of this report.

1.3. Recommendations implemented in 2025

In 2025, DG RTD implemented 4 ECA recommendations stemming from the 2021, 2022 and 2023 ECA Annual Reports in accordance with the deadlines set.

2. Internal Audit Service (IAS)

In 2025, IAS carried and finalised the following two audits as regards DG RTD:

- IAS Audit on European Innovation Council (EIC) grant agreements preparation and award procedures in EISMEA and DG RTD
- IAS Audit on the management of in-kind contributions under Horizon Europe - DG RTD

a) Implementation of IAS recommendations

The table below summarises the state of implementation of IAS recommendations at the end of 2025. At the end of this period, DG Research and Innovation had eleven open recommendations, namely:

- Five recommendations issued by IAS in their December 2025 reports following the audits on
    - The EIC grant agreement preparation and award procedures in EISMEA and DG RTD (two rated "Very important" and one rated "Critical")
    - The management of in-kind contributions under Horizon Europe in DG RTD (one rated "Very important" and one rated "Important")
- The last two recommendations of the 2024 IAS Audit on the design of Horizon Europe Control Strategy (both rated "Important")
- Four recommendations pertaining to the IAS audit on on the IT security risk management at the Commission of 2023 (all rated "Important")

Six recommendations were sent for review to IAS, in 2025.

TABLE IAS - 31/12/2025 IAS AUDIT TITLE	Number of Recommendations				
	Total	Sent for review (of which in 2025)	Open		
				of which overdue	of which "Very important" (VI) or "Critical" (C)
IAS Audit on Performance Framework for Research	7	7([40]) (0)	0	1([40])	0
IAS Audit on Horizon Europe Governance	4	4 (1)	0	0	0
IAS Audit on the design of Horizon Europe Control Strategy	5	3 (3)	2	0	0
IAS Audit on the IT security risk management at the Commission	4	0	4	0	0
IAS Audit on the Protection of personal data under the responsibility of the EACEA, EISMEA, CINEA, REA, ERCEA and CIC	3	3 (1)	0	0	0
IAS Audit on European Innovation Council (EIC) grant agreements preparation and award procedures in EISMEA and DG RTD	3	0	3	0	2 VI, 1 C
IAS Audit on the management of in-kind contributions under Horizon Europe - DG RTD	2	0	2	0	1 VI
TOTAL	28	17([40]) (5)	11	1	3VI, 1C

([40]) Rec. 7 was sent for review in early 2026 instead of December 2025 and, hence, technically "overdue" but reported as "closed".

b) Critical and Very Important recommendations from audits concluded in 2025

All five “Very important” and the “Critical” recommendation currently open, presented hereunder, were issued in the two audits closed in December 2025.

IAS Audit on European Innovation Council (EIC) grant agreements preparation and award procedures in EISMEA and DG RTD

Rec. n°3) Revise the award decision process (in particular as regards completion/transparency of all controls prior to college decision et security measures), rated 'Critical'([41]).

In short, several shortcomings were identified regarding the parallel processes of grant agreement preparation (GAP) and the drafting of the single award decision. The Time-to-Grant targets were unmet and in some instances, and contrary to the eGrants Vademecum, the GAP process reopened after decision adoption. All these elements, together with other flaws in the process, lead to compliance risks.

DG RTD and EISMEA should work jointly to ensure that the award decision process is adequately revised. In particular:

Regarding blended finance, DG RTD and EISMEA should:

- develop and implement adequate operational guidance;
- revise the guidance on the GAP and single award decision processes;
- perform an assessment of the results of the performance-related indicators (e.g. Time-To-Grant, Time-To-Inform, Time-To-Sign, Time-To-Award metrics) to identify the areas for improvement in the single award decision process and streamline the related steps accordingly.

Regarding the reopening of the GAP, DG RTD and EISMEA should clarify that the GAP should not be reopened after the approval by the RAO.

Regarding the award decision for equity-only, DG RTD and EISMEA should:

- amend the manual of procedures to include instructions for the preparation of the award decision for equity-only projects;
- ensure that all required checks are performed and documented before the adoption of the award decision;
- ensure that the declarations of honour are duly signed and received by the applicants and appropriately archived;
- ensure that the EIB is officially informed of the adoption of the award decision;
- DG RTD should ensure an adequate priority for the timely development of an IT support system for the EIC Accelerator award decisions.

Regarding the implementation of economic security measures under the 2024 and 2025 EIC work programmes, DG RTD should:

([41]) DG RTD and EISMEA do not agree with the rating of this recommendation. See Annex 1 for further details.

- ensure consistency with other parts of Horizon Europe and economic security policy, while harmonising the scope of economic security measures between the technology areas where eligibility conditions are applied;
- develop guidance and set up processes, including an assessment to determine whether an EIC Fund rejection may lead to a grant termination;
- reassess the need for investment safeguards.

Rec. n°4) Revise the amending award decision process, rated "Very important"

DG RTD and EISMEA should work jointly to revise the amending award decision process. Regarding the process of amending the award decision they should:

4.1 - review and approve the existing (draft) processes in relation to amendments to the award decision and integrate them in EISMEA's and DG RTD's relevant procedures.

- establish checklist(s) and/or operational instructions for each type of amending award decision to ensure that (i) all necessary checks are duly completed, (ii) the validation circuits are adequately implemented, and (iii) the preparation of the amending award decision is properly documented.

In case of holding companies

4.2 - In line with the advice of the Legal Service, conduct a risk assessment to identify potential regulatory and investment risks associated with the funding of beneficiaries' holding companies rather than investing in the beneficiary entity.

- develop guidance for the approval of investments in beneficiaries' holding companies, including the necessary checks to be performed, and the introduction of measures or investment safeguards to mitigate potential risks.

- review the existing investments in beneficiaries' holding companies to ensure that they comply with the regulatory requirements and the initial award decisions or single award decisions.

This recommendation was **partially accepted** as DG RTD and EISMEA rejected the first point of (4.2).

Rec. n°5) Reinforce budget monitoring, and ensure formal transmission of the award decisions to EIB, rated "Very important"

Regarding budget monitoring DG RTD, with the support of EISMEA, should:

- establish monitoring arrangements to follow the implementation of the budget based on automated tools to limit the manual interventions.
- review the current tables used for monitoring and ensure that they contain accurate and complete data, reconcilable with the original sources;
- strengthen the arrangements to regularly and duly monitor the amounts in the award decisions against the budgets available from the work programmes and implement mitigating measures in case of discrepancies to ensure that the Commission can honour the investments referred to in the award decisions if later decided by the EIC Fund.

With respect to the formal transmission of the award decisions to EIB, DG RTD with the support of EISMEA, should provide clear instructions for the formal communication of the award decisions to the EIB, specifying: i) all cases requiring formal communication ii) timing and frequency of such communication, iii) responsible staff for transmitting the communication, iv) corporate tools to be used for transmission and v) archiving of the relevant communications.

The action plan for this audit has been approved and is currently being implemented.

IAS Audit on the management of in-kind contributions under Horizon Europe - DG RTD

Rec. n°1) Improve the methodological support on IKOP ([42]) and IKAA ([43]), rated 'Important'.

DG RTD should:

- clarify, together with DG BUDG and the JUs, how information on IKOP should be included in the existing template for the part A budget table of the model grant agreement for Lump sum grants for the JUs using lump sums.
- in close collaboration with the JUs, develop centrally a guidance based on the JUs' formulated needs, to promote consistent approach between the JUs in particular as regards the main steps of the in-kind contributions process and distribute it to the JUs.
- revise the templates for IKAA planning and reporting in the AWPs and CAARs including the categorisation of the IKAA and the breakdown per member states.
- define the modalities for the monitoring of the JUs' members' letters of commitment for the contributions to the JU, where applicable.
- organise training sessions on the IKAA guidance and workflows in COMPASS.

Rec. n°2) Finalise the development of the IT tools and improve the quality of the reports, rated 'Very Important'.

DG RTD should:

For IKOP

- in close collaboration with the JUs, finalise the analysis of the IKOP framework for the various JUs (i.e. the standard and the special cases) and, on this basis, complete the development of the relevant IT functionalities for IKOP (considering the related costs and benefits);
- in close collaboration with the JUs, reach a final agreement on the functionalities to be developed to support the processing of IKOP as defined in the Concept note;
- improve the automated data extraction and reporting for IKOP (taking into account the special cases).

For IKAA

- assess the feasibility of updating the functionalities in Compass;
- improve the automated data extraction and reporting for IKAA.

The action plan for this audit has been approved and is currently being implemented.

([42]) In-kind contribution to operational activities.
([43]) In-kind contribution to additional activities.

3. Horizon Europe error rate for grant payments

The residual error rate for grant payments in Horizon Europe (including EURATOM) was calculated at 4.05% for the whole research and innovation family, under direct and indirect management. This rate is above the materiality threshold and the percentage set in the legal basis. A such, it has an impact on the assurance and warrants a reservation in this report.

The high rate could be attributed to a multitude of factors such as the low percentage of lump sum grants in the mix, or the stage of the framework programme. Regardless, the CIC is already in the process of implementing a series of actions to help reduce it, namely:

New:

1. 'Tour des capitales' initiative: Starting from 2026, a new action is launched with the initiative of the CIC, consisting of on-site visits to MS capitals, reaching directly to beneficiaries and presenting a variety of topics including the recent changes in the work programmes, the modalities of new simplified ways of declaring costs (specifically lump sums and personnel unit costs), and also raising awareness about several reporting obligations including how to declare personnel costs in actual cost grants and the use of the personnel cost wizard (developed for explaining the correct way to calculate personnel costs, which is the most common source of errors).
2. Joint RIAN-RINEC meetings: In 2026, we are launching extended meetings between the Research and Innovation Auditor's Network (RIAN) together with the Research and Innovation Ex-Ante (RINEC) practitioners' group. Our aim is to have a bidirectional feeding of the experience between ex-post and ex-ante controls and raise awareness for the ex-ante practitioner's community to be able to inform beneficiaries in advance on how to avoid common errors. Examples of the collaboration between auditors and ex-ante controls are the explanations included in the personnel wizard and suggestions in the text used for the messages sent as part of the error awareness campaigns targeting specific type of beneficiaries etc.
3. Fine-tuned and extended error rate campaign: The error campaign has become standard practice driven by the CIC. We have established a regular procedure to inform beneficiaries on a quarterly basis with tailor made messages targeting their status and based on an analysis of the error-prone profile (newcomer, SME, third country). In addition, the campaign is fine-tuned and adapted regularly based on the feedback from the auditors' network; a characteristic example is the newly launched campaign to alert beneficiaries of the above categories who have active projects from both H2020 and Horizon Europe projects, about the differences when calculating personnel costs in these two different framework programmes
4. Focused sessions on Info Days and awareness raising during the R&I Days: The CIC is participating with dedicated sessions in the Info Days and is also available with personnel during the R&I Days getting into direct contact with beneficiaries and answering all their questions concerning various aspects and phases of project implementation.

Additionally, following the first campaign of ex post controls/audits and technical reviews for Horizon Europe which ended in December 2025, the CIC will prepare an in-depth analysis of the issues and errors most commonly identified, taking into account the particular context of the

Horizon Europe programme which (in comparison to Horizon 2020) is by design intended to support riskier areas and types of beneficiaries. This analysis will serve as a basis for providing clarifications in the guidance to beneficiaries and stakeholders as regards the practical implementation of the programme.

ANNEX 9: Specific annexes related to "Control results" and “Assurance: Reservations”

A. Annex related to "Control results" - Table X: Estimated risk at payment and at closure

Table X : Estimated risk at payment and at closure (amounts in EUR mios) - for parent DGs

DG RTD -1	Payments made (2025;MEUR) -2	minus new prefinancing [plus retentions made] (in 2025;MEUR) -3	plus cleared prefinancing [minus retentions released and deductions of expenditure made by MS] (in 2025;MEUR) -4	Relevant expenditure (for 2025;MEUR) -5	Detected error rate or equivalent estimates -6	Estimated risk at payment (2025;MEUR) -7	Adjusted Average Recoveries and Corrections -8	Estimated future corrections [and -9	Estimated risk at Closure (2025;MEUR) -10
RCS A - Grants Horizon 2020 and Euratom Horizon 2020	9,05	0,00	21,86	30,91	3,83%	1,18	1,83%	0,57	0,62
RCS A - Grants Horizon Europe and Euratom Horizon Europe	139,95	- 5,51	9,19	143,63	4,38%	6,29	0,35%	0,50	5,79
RCS B - Horizon 2020 - Contributions to article 187 and 185 bodies	145,03	- 65,11	0,00	79,92	3,83%	3,06	1,83%	1,46	1,60
RCS B - Horizon Europe - Contributions to article 187 and 185 bodies	862,85	- 862,85	501,04	501,04	4,38%	21,95	0,26%	1,30	20,64
RCS C - Financial Instruments (EIC FUND)	693,29	0,00	0,00	693,29	0,50%	3,47	0,00%	0,00	3,47
Procurement	67,96	0,00	0,00	67,96	0,50%	0,34	0,00%	0,00	0,34
Other	60,30	- 1,79	0,76	59,28	0,50%	0,30	0,00%	0,00	0,30
Experts	1,85	0,00	0,00	1,85	0,50%	0,01	0,00%	0,00	0,01
Total without contribution to EA's operating budget	**1 980,26**	**- 935,25**	**532,85**	**1 577,86**		**36,59**	**0,24%**	**3,83**	**32,76**
					Overall risk at payment in %	**2,32%** *(7) / (5)*		**Overall risk at closure in %**	**2,08%** *(10) / (5)*
RCS B - European Innovation Council and SMEs Executive Agency (EISMEA)	50,07	- 50,07	45,73	45,73	0,00%	0,00	0,00%	0,00	0,00
RCS B - European Research Council Executive Agency (ERCEA)	72,87	- 72,87	65,39	65,39	0,00%	0,00	0,00%	0,00	0,00
RCS B - Research Executive Agency (REA)	125,37	- 125,37	109,71	109,71	0,00%	0,00	0,00%	0,00	0,00
Sub-total contributions (if more than one)	248,32	- 248,32	220,84	220,84		0,00		0,00	0,00
Total DG (with contributions to EAs)	**2 228,58**	**-1 183,57**	**753,69**	**1 798,70**					

Notes to the table X

(1) Relevant Control Systems [if possible] differentiated per relevant portfolio segments and at a level which is lower than the total.
(2) Payments made after the preventive (ex-ante) control measures have already been implemented earlier in the cycle. For Cross-SubDelegations (Internal Rules Article 12), the reporting remains with the Delegating departments

.

For subsidies to article 187 and 185 bodies the H2020 and Horizon Europe payments include running costs for 23.13 million euros which have not been provided in a separate line as the impact on the estimated overall risk at closure is not significant.

(3) New pre-financing actually paid by out by the department itself during the financial year (i.e. excluding any pre-financing received as a transfer from another department). as per note 2.5.1 to the Commission annual accounts thus excluding "Other advances to Member States" which are covered on a purely payment-made basis (note 2.5.2). Pre-financing paid/cleared" are always covered by the Delegated departments, even for Cross-SubDelegations.
Retentions: in Cohesion, the 10% retention applied during the year.
(4) Pre-financing actually cleared during the financial year (i.e. their 'delta' in the Financial Year 'actuals', not their 'cut-off' based estimated 'consumption').
Retentions: in Cohesion, the retentions released during the year by the Commission.
(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 [& adds the retentions made], and adds the pre-financing actually cleared [& subtracts the retentions released; and any deductions of *expenditure made by MS*] 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 this column, we disclose the detected error rates or equivalent estimates.

Grants direct management:
RCS A - Grants Horizon 2020 and Euratom Horizon 2020: The Research Family cumulative representative detected error rate for Horizon 2020 has been used.
RCS A - Grants Horizon Europe and Euratom Horizon Europe: The Research Family cumulative representative detected error rate for Horizon Europe has been used.

Contributions to article 185 and 187 bodies

RCS B - Horizon 2020 - Contributions to article 187 and 185 bodies:The Research and Innovation Family cumulative representative detected error rate for Horizon 2020 has been used.

RCS B - Horizon Europe - Contributions to article 187 and 185 bodies: The Research and Innovation Family cumulative representative detected error rate for Horizon Europe has been used.
For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (*e.g. administrative expenditure)*, the rate which should be used is 0.5% as a conservative estimate, unless the department has a more precise estimate based on evidence.
Similarly, the subsidies given by partner DGs to decentralised agencies as part of their establishment and core tasks are considered error-free types of expenditure and the rate which should be used is 0%.

(8) Even though to some extent adjusted average recovery and corrections percentage based on the 7 years historic Average of Recoveries and financial Corrections (ARC), is the best available indication of the corrective measures each department applied over the past years as a result of ex post controls, following 2017 ECA/IAS recommendations the AOD has adjusted this historic average and used as best estimation:
- For the H2020, HE and EURATOM (H2020 and HE) grants (direct management) and for H2020 contributions to Article 185 and 187 bodies (indirect management): the difference between the overall cumulative Research and Innovation Family detected error rate and DG RTD cumulative residual error rate (source: Common Audit Service).
- For HE contributions to Article 185 and 187 bodies: the weighted average of the difference between (a) the overall cumulative Research and Innovation Family detected error rate and (b) the Research and Innovation Family cumulative residual error rate or the cumulative residual error rate of the body if it is higher (source: Common Audit Service).

The corrective effect consists of
1) the implementation of audit results as actual recoveries once final payments have been made.
2) the implementation of audit results as corrections to interim payments whenever possible.
3) the extension of the audit results to non-audited participations of audited beneficiaries whenever systematic errors are found by the audits.

- For other expenditures, it is assumed that the ex-post future corrections would be 0%.

Analysis of the correlation between estimated future corrections and implemented (44) amount of corrections and recoveries.
The average amount of the implemented corrections over the past 3 years (2023-2025) is 1.4 million euros (0.10 % of the average amount of relevant expenditure of that period), compared to an average amount of estimated future corrections during the same period of 4.5 million euros (0.37% of the average amount of relevant expenditure of that period). The deviation of 0.27 % between the two averages can be attributed to the presentation of an estimation of recoveries for contributions to article 185 and 187 bodies while the implemented corrections are recorded in the account of these bodies and not in the account of the Commission.

(9) For some programmes with no set *closure* point (e.g. EAGF) and for some multiannual programmes for which corrections are still possible afterwards (e.g. EAFRD and ESIF), all corrections that remain possible are considered for this estimate.

(10) The segments procurements, experts and other /includes administrative expenses related to salaries and/or missions previously reported by the PMO and/or DG HR. More information can be found in Annexes 6 and 7.

(44) **Please note:** what the term "implemented" signifies is that when the financial correction has been applied and recorded in the Commission accounts via the following financial transactions: recovery order, deduction from the interim or final payment claim (including payment claims used to clear pre-financing), payment order and/or a de-commitment transaction.

B. Reservations

1. Reservation fiches

DG	RTD
Title of the reservation, including its scope	**Reservation concerning the rate of the residual error within grants payments in the Horizon Europe Framework Programme (including Euratom), implemented directly and indirectly by DG RTD.**
Domain	Direct and indirect management – grants Horizon Europe (including Euratom)
Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme	RCS A - Grants Horizon Europe and Euratom Horizon Europe RCS B - Horizon Europe - Contributions to article 187 and 185 bodies **Scope Amount (Annual payment of segment):** EUR 1 002 794 052
Reason for the reservation	At the end of 2025, the residual error rate is significantly above the 2% materiality threshold foreseen for the multi-annual period.
Materiality criterion/criteria	The materiality criterion is the residual error rate, defined as the level of errors that remain undetected and uncorrected by the end of the management cycle. The control objective is to ensure that the residual error rate in the overall population is below 2% at the conclusion of the management cycle. If the residual error rate remains above 2% at the end of a reporting year within the Framework Programme's management lifecycle, a reservation will be made.
Quantification of the financial impact (amount at risk)	Quantified **Relevant Expenditure of the Segment:** EUR 644 668 598 **Amount at Risk (in Euros):** EUR 25.980.145 **Amount at Risk (in Percentage):** 2.59% **Residual Error Rate**: 4.03%
Impact on the assurance	Legality and regularity of the affected transactions (interim payments and payments of balance).
Responsibility for the weakness	Most of the errors relate to incorrect claims for actual personnel costs, mainly due to beneficiaries' incorrect application of the Horizon Europe rules, despite the introduced simplifications. Newcomers and small and medium-sized enterprises (SMEs) are more prone to errors compared to more experienced or larger beneficiaries. Due to the relatively small number of ex-post audits and technical reviews completed by the end of 2025, the error rate calculation is highly sensitive to few extreme results. Excluding the latter cases, the Representative Error Rate would be below the materiality threshold of 2%.
Responsibility for the corrective action	The action plan focuses on outreach, training, and increased use of lump sums. These actions are designed to minimise errors by enhancing participant understanding and simplifying financial reporting. This includes outreach events addressing participants directly or through the Legal and Financial National Contact Points as well as trainings for EU staff to help them support beneficiaries in the best possible way. In addition, the roll-out of lump sums in Horizon Europe will continue, reaching a 50% share in the call budget by 2027. At this level, lump sums are expected to lower the

	programme's error rate significantly. These actions are all ongoing and will continue throughout Horizon Europe. The services responsible for these actions are RTD.H.3 and RTD.H.1.

DG	RTD
Title of the reservation, including its scope	**EIC Award decision Process** **Reservation on reputational grounds concerning weaknesses affecting the award decision process.**
Domain	Direct and Indirect management - Grants, Blended finances and equity funding
Programme (or other relevant segment) in which the reservation is made and total (annual) amount of this programme	Accelerator – ACC Challenges – ACC Art. 48.12 The amount of DG RTD payments 2025 to EIC fund is EUR 693.285.162 (MFF 1.0.11) PENDING EISMEA DATA on grants payments
Reason for the reservation	As part of their audit of the EIC grant agreements preparation (GAP) and award procedures, IAS noted weaknesses rated as critical. These weaknesses point to financial and reputational risks. In the case of blended finances, time constraints are ambitious hence grant applications are treated in batches. To cope with these deadlines, the GA preparations and single award decisions are prepared in parallel by EISMEA and DG RTD respectively. The IAS audit found cases where the GAP checks were not yet completed when the single award decision was adopted, or grants for which the GAP was reopened after the award decision had been issued, leading to modifications of the grant content. No ineligible grants were signed in that context and, therefore, the financial risk did not materialise. Nevertheless, the incomplete disclosure of the state of completion of the GAP checks to the College, constitutes a significant reputational risk.
Materiality criterion/criteria	Critical finding by the IAS audit on the EIC grant agreements preparation and award procedures, which entails financial and reputational risks.
Quantification of the financial impact (amount at risk)	Non materialised and non-quantified
Impact on the assurance	The weaknesses identified by the IAS audit, based on the elements described above, do not affect legality and regularity and sound financial management, because the potential financial risks have not materialised. The assurance is qualified because of the reputational risks. (qualified).
Responsibility for the weakness	DG RTD and EISMEA.
Responsibility for the corrective action	DG RTD and EISMEA.

2. Reservations not issued or lifted in 2025 due to the application of the ‘de minimis’ threshold.

Not applicable

ANNEX 10: Reporting – Human resources, digital transformation and data management, and sound environmental management

Human Resource management

Objective: DG RTD employs a skilled, diverse and motivated workforce to deliver on the Commission's priorities		
Indicator 1: Percentage of female middle managers **Source of data:** SYSPER		
Baseline (2024)	**Target** (2029)	**Latest known results** (situation on 31/12/2025)
47.4%	['attain at least 50%'; and for those with a baseline above 50%, the target is to 'maintain at least 50%']	48,3%
Indicator 2: Staff engagement index **Source of data:** Commission staff survey [data to be provided by DG HR]		
Baseline (2023)	**Target ([45])** (2029)	**Latest known results ([*])** (situation on 31/12/2025)
71%	increase for DGs that were below the overall baseline of 73% in 2023; for DGs at or above 73%, the target should be maintain or increase	New staff engagement index (2025): 79% Old staff engagement index (2023): + 1 percentage point

Main outputs in 2025:			
Description	**Indicator**	**Target**	**Latest known results** (situation on 31/12/2025)
All-Staff Townhall meetings	Nr of meetings per year	2 in 2025	2 (January and September
Implementation of RTD's HR Strategy and Action Plan 2024-2025	Percentage of actions implemented	60% in 2025	90 % completed

([45]) The Commission baseline score for the Staff Engagement Index is 73% (based on the 2023 staff survey results).

([*]) *A new method of measuring staff engagement was introduced in 2025. The new Staff Engagement Index provides a more comprehensive view of staff engagement covering purpose, pride and motivation, autonomy and growth and collaboration and trust. The old Staff Engagement Index, which focused more on job content and relations with immediate colleagues and manager, will be used exclusively for comparisons with past data.*

Digital transformation and data management

Objective: DG RTD is using innovative, trusted digital solutions for better policymaking, data management and administrative processes to build a digitally transformed, user-focused and data-driven Commission

Indicator 1: Digital Culture: % of statutory staff that has completed at least one IT training course ([46])
Source of data: Digital Commission Dashboard (data measured at DG-level)

Baseline (2024)	**Interim milestone** (2027)	**Target** (2029)	**Latest known results** (situation on 31/12/2025)
34%	Higher than the baseline	Higher than the baseline	38%

Indicator 2: Seamless digital environment: cloud adoption – % of IT systems utilising cloud infrastructure services compared to the total number of IT systems
Source of data: Digital Commission Dashboard (- data measured at DG-level)

Baseline (2024)	**Interim milestone** (2027)	**Target** (2029)	**Latest known results** (situation on 31/12/2025)
higher than baseline of 34%	55%	70%	36%

Cloud adoption is a key component of the modernisation programme of the eGrants suite that has been launched in 2024. In 2025, the Grant and Procurement Steering Board (GPSB) adopted in its 56th meeting two key documents: the eGrants Cloudification Strategy and the eGrants Technical Architecture Vision, laying the foundation for modernising the overall system architecture and provide a clear path towards a modern, flexible, cloud-based infrastructure.

The eGrants IT Work Plan 2026/2027, adopted by the GPSB in its 57th meeting, includes many initiatives on cloud transition and migration.

In addition to the cloud adoption, RTD strengthened the positioning of its systems in the Digital Landscape Cartography of the Digital Commission Dashboard, moving from 20% of its Information Systems in the "Retain" quadrant in January to more than 50% by the end of 2025. This has been achieved by improving both technical and strategic criteria, including security, governance, obsolescence, reuse of existing solutions or cloud adoption.

([46]) This KPI will be accompanied by an informative package that will be shared in AAR templates on a yearly basis. The package will include: (i) link to implementing guidelines – list of training courses available in EU Learn; and (ii) dedicated instructions on how to register a new training course in EU Learn (when this is organised at DG level directly by the DG), in order to record the actual number of participants and sessions.

Indicator 3: Maturity level in implementing corporate data policies across four key areas: data management, ownership and responsibilities, data quality, and data skills (basic, developing, established, advanced, or trendsetting). **Source of data:** RTD CIC (Common Knowledge and Data Management Service unit) and RTD Data & Results Steering Committee			
Baseline (2024)	**Interim milestone** (2027)	**Target** (2029)	**Latest known results** (situation on 31/12/2025)
Data management: developing	advanced	trendsetting	established
DG RTD has, in 2025, enhanced its data management by focusing on improving documentation and reporting practices. The SEDIA and eGrants ecosystem provides comprehensive data for EU funding programmes, with partial governance measures in place for data access and personal data management.			
Ownership and responsibilities: basic	advanced	trendsetting	developing
DG RTD has set out the way forward for progressing on the implementation of corporate data governance principles. In 2025, DG RTD has established data roles and responsibilities by formalising the designation of data owners and stewards for all its data assets.			
Data quality: developing	advanced	trendsetting	developing
DG RTD has developed a first Data Quality Framework as well a Risk-based Control Framework to support the quality of its key data and indicators.			
Data skills: basic	established	advanced	developing
In 2025, DG RTD prioritized the development of data-related competencies across the Directorate-General, notably through existing training programmes on the available data products.			

Indicator 4: Compliance indicator ([47]): percentage of staff trained on data protection compliance combined with the percentage of public records of processing operations reviewed within the last two years. **Source of data:** Data Protection Coordinator			
Baseline (2024)	**Interim milestone** (2027) >90%	**Target** (2029) 100%	**Latest known results** (situation on 31/12/2025)
83%	DG RTD set yearly target groups and corresponding targets and ensured timely review of its records of processing activities.		83,3%

Main outputs in 2025:			
Output	**Indicator**	**Target**	**Results (31/12/2025)**
Digital Culture			

([47]) The compliance indicator is calculated with a 50% weight attributed to the following two values: first, the number of public records with a publication date within the last 2 years / public records of the department. Second, the percentage of staff in the department who have attended data protection awareness-raising activities"

Output	Indicator	Target	Results (31/12/2025)
Training courses on IT-related topics	% of statutory staff that has completed at least one IT training course	Higher than baseline of 34%	38%
Seamless digital environment: cloud adoption			
% of IT systems owned by the department using (any) cloud infrastructure service	% of IT systems utilising cloud infrastructure services compared to the total number of IT systems.	Higher than baseline of 34%	42%

Sound environmental management

Objective: Reaching climate neutrality by 2030 and a reduced environmental footprint for the Commission.

Indicator: % reduction in emissions from staff professional travel (t CO2eq).
Source of data: DG/department emissions report fromQlick Sense([48])

Baseline (2019)	Target (2030)	Latest known results (situation on 31/12/2025)	Results (31/12/2025)
Reduced emissions from staff missions (baseline 1788K CO2)	CO2 emissions from DG's, Office's or other department's staff missions (target 894K CO2)	Maintain the 2024 emissions reduction target (50% reduction from the 2019 baseline): maximum ceiling of 894K CO2 generated by staff missions.	Target overachieved with 496K CO2 generated by staff missions, a reduction of 72% compared to 2019 baseline.
Reduced emissions from experts travel under the administrative budget	CO2 emissions from DG's, Office's or other department's expert missions	Reduce budget from expert participating in meetings for which DG R&I is in the lead by at least 50% (baseline 2019: 2071393 euro)	Target exceeded with a reduction of 65% in terms of payments (741569 euro in 2025).

([48]) As of 2025 emission from professional travel is measured thought the Qlik Sense dashboard, hence the baseline has been changed to reflect the new tool.

Main outputs in 2025:			
Output	**Indicator**	**Target**	**Results (31/12/2025)**
Participation in corporate energy saving actions through building closure.	Number of department's buildings participating in: - end of year energy saving action - summer energy saving action	100% of DG RTD buildings (ORBN and CDMA) participating in - end of year energy saving action - summer energy saving action - optimisation of comfort hours and/or comfort temperature	All targets achieved
List actions taken to implement the EC guidelines for sustainable meetings and events	Number (or %) of staff informed	100% of staff informed	Achieved
Gradual introduction of GPP criteria in contracts and starting to monitor the process.	% of contracts with "green" provisions and/or %) by value in EUR)	60% of PP responsible staff trained on GPP	63.01%
Promote biodiversity in line with site-specific biodiversity strategies	Number of biodiversity actions in DG RTD buildings	Maintenance of the herb garden with involvement of volunteers 1 event/campaign organised	Achieved Achieved
Improved waste sorting	Number of event/campaigns on waste management and sorting	1 event/campaign on waste management	Achieved

Output	Indicator	Target	Results (31/12/2025)
Staff awareness actions on reducing GHG emissions from commuting	Number of colleagues participating to sustainable commuting initiatives	100 colleagues at least participating to sustainable commuting initiatives	Partially achieved. DG RTD colleagues participated to the following sustainable commuting initiatives: a) For the "Velomai 2025"cycling challenge: 39 colleagues, b) for the "Walking challenge 2025 spring edition": 47 colleagues
Staff awareness actions to reduce energy use	Number of actions related to energy consumption	Two actions related to energy consumption	Achieved
Staff awareness actions to reduce water use	Number of staff informed related to energy consumption; water consumption	100% of staff informed related to energy consumption, water consumption	Achieved
Staff awareness action on reuse and repair of items	Number of actions on items collection to be reused. Number of staff informed	1 action on items collection to be reused. 100% of staff informed	Achieved Achieved
Staff awareness actions on digital mindfulness	Number of staff informed	100% of staff informed	Achieved

ANNEX 11: Implementation through non-EU entrusted entities ([49]) and/or through EU Trust Funds

Name of the entity	Programmes concerned	Policy area concerned	Annual budgetary amount entrusted (EUR)	Justification of the recourse to indirect management	Justification of the selection of the bodies (identity, selection criteria, possible indication in the legal basis, etc.)	Summary description of the implementing tasks entrusted to these bodies	Document/Date of reception
European Investment Bank (EIB)	Horizon Europe	EIC Fund	694.311.162,00	Article 11(3) Council Decision 2021/764	Art.162(1) FR	Investment activities	Contribution Agreement between The European Union and The European Investment Bank in respect of the EIC Fund / 23/12/2023

([49]) Implementing partners other than EU institutions or Union bodies.

ANNEX 12: EAMR of the Union Delegations

Not applicable

ANNEX 13: Decentralised agencies and other Union bodies

Name of the entity	Role of the DG	Policy area concerned	Amount paid in 2025 in €			
			Operating (admin) budget	Operational budget	Total in €	Contribution agreement ([50])
Innovative Medicines Initiative (IMI) 2	Lead Parent DG	Health	2.944.720,00	69.544.660,00	72.489.380,00	CoA 2019, CoA 2020
Fuel Cells and Hydrogen 2 Joint Undertaking	Lead Parent DG	Environment	0,00	7.428.363,00	7.428.363,00	CoA 2020
European and Developing countries Clinical Trial Partnership 2 ([51])	Lead Parent DG	Health	Max 6%	21.846.997,00	21.846.997,00	TFA 2016, TFA 2017, TFA 2018, TFA 2019, TFA 2020
Clean Aviation Joint Undertaking	Lead Parent DG	Environment	4.553.916,00	347.442.529,85	351.996.445,85	CoA 2023, CoA 2024, CoA 2025
Clean Hydrogen	Lead Parent DG	Environment	3.845.434,00	93.609.639,00	97.455.073,00	CoA 2024, CoA 2025
Circular Bio-based Europe Joint Undertaking	Lead Parent DG	Environment	2.560.696,00	154.366.164,00	156.926.860,00	CoA 2022, CoA 2023, CoA 2024, CoA 2025
Innovative Health Initiative Joint Undertaking	Lead Parent DG	Health	1.960.923,00	104.198.860,00	106.159.783,00	CoA 2022, CoA 2023, CoA 2024, CoA 2025
Global Health EDCTP3 Joint Undertaking	Lead Parent DG	Health	6.860.025,00	97.999.233,11	104.859.285,11	CoA 2023, CoA 2024, CoA 2025
European partnership on metrology under Horizon Europe	Partner DG	Metrology	N/A	45.050.000,00	45.050.000,00	CoA 2021, CoA 2022, CoA 2023, CoA 2024, CoA 2025
Eurostars 2([51])	Partner DG	Innovation	Max 4%	11.744.509,27	11.744.509,27	TFA 2019, TFA 2020
PRIMA (H2020) ([51])	Partner DG	Environment	Max 6%	31.520.000,00	31.520.000,00	TFA 2020, TFA 2021, TFA 2022, TFA 2023, TFA 2024
PRIMA (HE) ([51])	Partner DG	Environment	400.000,00	0,00	400.000,00	CoA 2025
		Total	**23.125.714,00**	**984.750.955,2**	**1.007.876.669.23**	

([50]) In most cases, the amounts paid to these Union bodies come from two or more Contribution/Transfer Agreements.

([51]) A single EU contribution is made for both the Operational and Administrative budget. Therefore, the maximum foreseen percentage of 4% or 6%, respectively, is used by the dedicated implementation structure to contribute to the running costs.

ANNEX 14: Reporting on the Recovery and Resilience Facility

This annex is to be used **ONLY by DG ECFIN and SG** for reporting further details on the progress made during 2025 as regards the implementation of the RRF funding.