

2019 Discharge to the Commission

**WRITTEN QUESTIONS TO COMMISSIONER
GABRIEL**

Hearing on 7 December 2020

Questions concerning general issues in the field of research policy

1. How does the Commission explain the increase of the Court of Auditors' error rate from 2% in 2018 to 4% in 2019? How is it that some of these errors were not detected earlier by the Commission? Given the increase in digitalisation (procedures, public procurement etc.), how does the Commission explain the increase of the error rate?

Commission's answer:

Chapter 4 of the Annual Report of the Court of Auditors covers research & innovation and a range of other expenditure of the sub-heading 1a of the Multiannual Financial Framework. The error reported by the Court of Auditors for the DAS 2019 is 4.0% which, although higher than last year's 2%, remains consistent with those reported in previous years (4.2% in 2017, 4.1% in 2016, 4.4% in 2015 and 5.6% in 2014). As the Court explained, the error rate of 2018 was due to the weights applied to the various expenditures sampled in sub-heading 1a of the Multiannual Financial Framework.

Regarding the possibility for early detection of errors by the Commission, the issue is closely related to the quality of the so-called Certificates on Financial Statements (CFS) produced by external independent auditors contracted directly by the beneficiaries. Two thirds of the detectable errors are linked to known weaknesses of these certificates which, despite these issues, do contribute to lower error rates (50% lower where such a certificate has been attributed compared to non-audited cases).

Despite existing communication initiatives towards the providers of CFS, the Commission continues to observe weaknesses in the quality of these documents and has thus decided to launch a series of actions aimed at improving ex-ante controls in general.

Finally, the Commission has established a number of automatic controls related to the handling of the financial management of the projects. However, the cases reported by the Court could be detected – in the vast majority of the cases - only with an on-the-spot audit and not by a desk-review. These cases were not included in the samples of the on-the-spot audits carried out by the Commission in 2019.

2. What can be done as regards synergies to maximise the impact of partnerships and better link them with industrial, green and digital strategies of the Union, also to achieve better results for Horizon in climate mainstreaming?

Commission's answer:

The new policy for European Partnerships has put synergies, between partnerships and between programme and policies, at its heart. In their design phase, potential future partnerships had to demonstrate how they would work along the (industrial) value chains to deliver scientific, economic and societal, including environmental, impact over time, to support the digital and green transition in a more resilient Europe. To deliver concrete results and ensure the wide take-up and/or deployment of the solutions developed, including their interoperability - requires that they operate over their whole life cycle in full coherence with their environment. This includes the need to engage with potential end users, regulators and standardisation bodies at regional, national or European level, but also to open up to different types of sectors, disciplines or geographies,. This reinforced impact orientation has required a number of evolutions in existing partnerships, and has also driven the design of new initiatives.

Compared to Horizon 2020, the major reduction in the number of partnerships and the focalisation on key ones is a significant step forward, also to improve synergies and coherence. The broader involvement of policy DGs in the development of programmes (co-creation approach) also helps, as they bring in the knowledge on the various EU policy strategies that the policy DGs elaborate and follow.

Here, it will be important to ensure that the partnerships fit well into the focus and objectives of the overall Commission policy settings, e.g. in the climate or circular economy strategies, and aim at a focused, transformative, and impact-oriented development and demonstration of integrated technologies, towards the European Green Deal objective of health for citizens, circular economy, enhanced biodiversity protection and deep de-carbonisation. Technologies in advanced stage should be promoted more than fundamental research spread on many small projects.

On the specific area of digital, and concerning the interest of the Parliament in the impact of partnerships on the digital strategy, it must be noted that five digital-centric partnerships' candidates are proposed with a strong focus on the digital competitiveness of the European industrial ecosystem. They form a coherent and complementary set of partnerships in essential areas for European industrial competitiveness and are aligned with the European Data Strategy and the Shaping Europe's Digital Future strategy of February 2020. There will be strong synergies between these Partnerships from creating and collecting data of data (Key Digital Technologies, Photonics), to transferring and connecting (Smart Networks and Services), to their processing and exploitation (EuroHPC, AI/data/robotics).

3. What steps has the Commission taken, and would still want to take, to attract even more SMEs to invest and apply in the programmes under this policy field?

Commission's answer:

With the European Innovation Council (EIC) pilot, the Commission has taken

substantive steps to attract and support SMEs with the potential to develop novel goods or services and create new markets. In particular, the EIC Accelerator Pilot (former SME instrument, with the addition of “blended finance” combining grant and equity financing) addresses the financing gap in developing high-potential, but high-risk innovative ideas of small companies and to scale up these innovations. The EIC pilot, and previous SME instrument, have supported over 5700 SMEs since 2014. The demand has increased significantly, and a record 4200 companies applied to last cut-off in October 2020.

Including the EIC, SMEs have received EUR 9.3 billion in funding under the Horizon 2020 Societal Challenges and Leadership in Enabling and Industrial Technologies (LEITs). As such, the 20% SME budget target, set at the outset of the programme by the EU Council and Parliament, is expected to be exceeded. Research intensive SMEs are also supported through the Eurostars Joint Programme. Last but not least, more than EUR 1 billion under the Access to Risk Finance budget under Horizon 2020 is flowing to SMEs and small midcaps.

Synergies with other Programmes such as COSME also support SME participation to programmes under this policy field. For instance, the Enterprise Europe Network provides SMEs with information, trainings, partnering services including brokerage events, in close collaboration with Horizon 2020 National Contact Points and other relevant stakeholders.

4. Has there been a specific monitoring policy reinforced for new applicants, for example SMEs, who do not always have the time or knowledge of the existing rules for these programmes? More generally, are information campaigns or training sessions implemented to remind people of the rules for eligible expenditure? If so, what kind, and where?

Commission's answer:

Under Horizon 2020, the Commission services and more specifically, the Common Implementation Centre of DG Research & Innovation, has offered thematic training to all participants via the National Contact Points (NCP) Legal & Financial network in the Member States and Associated Countries. Training was requested by every NCP, based on the participants' needs in their countries and a list of topics selected by each NCP were covered on-site by the Common Implementation Centre (CIC) staff.

Common errors and guidance on how to declare properly costs was one of the compulsory topics of the proposed agenda. On an average, 15 events per year were organised in different Member States and Associated Countries, since the beginning of Horizon 2020.

Additionally, the CIC regularly organises the “Coordinators days”, a series of events addressed to the coordinators of recently-launched projects. During these full-day events, different topics are covered including the correct submission and reporting of costs for the participants.

The coronavirus outbreak coincided with the preparatory work for the new Framework Programme, Horizon Europe, and gave the CIC the opportunity to explore and develop new tools for more and better outreach in order to provide guidance to an even wider audience of participants. New technologies such as

online videoconferencing platforms, have been used for the organisation of thematic webinars, addressing specific audiences, including newcomers and SMEs.

In this final period of Horizon 2020 the CIC has designed and planned back to back webinars for SMEs, newcomers and participants from third countries. Under these trainings, specific guidance and examples will demonstrate to the participants how to declare their costs correctly under the programme's rules. The first webinar of this kind is expected to take place in December 2020 and others will follow within 2-month intervals. The webinars will be hosted online and broadcast via the Social Media resources of DG Research & Innovation (YouTube account), thus securing unlimited participation capacity. In parallel, targeted invitations via email will be sent to the SMEs, newcomers, third country participants, ensuring a better and more accurate attendance rate.

Members of the Enterprise Europe Network, in close cooperation with NCPs, also provide further support on information campaigns and training support, notably with the joint organisation of info days and brokerage events.

5. Which concrete results are expected after the first edition of the European Research & Innovation Days?

Commission's answer:

A wide spectrum of stakeholders, businesses, public authorities, organisations and interested citizens have been invited to the first European Research and Innovation Days in September 2019, to share their views and help consolidate of the key impacts to be targeted in the first four years of Horizon Europe implementation. Their responses have been overwhelmingly positive: almost 4.000 participants discussed Strategic Planning for Horizon Europe. All the policy input provided by participants was noted and reviewed during the preparation of the Horizon Europe work programme 2021-22. The discussions will feed into the finalisation of Horizon Europe's first strategic planning exercise. Please find [here](#) the report on the outcomes of the co-design sessions from the first European Research and Innovation Days (p.47 onwards).

6. In the Seventh Framework Programme, how many controls were made and which amounts were recovered?

Commission's answer:

A total of 2 132 ex post audits were carried out by the Commission for the Seventh Framework Programme (FP7). As a result, more than EUR 218 million have been recovered by implementing these audits.

For example, DG Research and Innovation recovered more than EUR 102 million by implementing FP7 ex-post audits.

The following table provides information on the amounts recovered from the FP7 ex post audits per entity:

DG/EA	Recovery amount
ERCEA	43.881.669,03
REA	29.004.362,00
RTD	102.160.000,00
MOVE	2.460.000,00
ENER	5.430.000,00
GROW	1.400.000,00
CNECT	34.200.000,00
TOTAL	218.536.031,03

7. In its 2018 discharge report, the European Parliament pointed out that fundamental research is indispensable for ensuring the Union's excellence in research and innovation as well as in attracting the best scientists. How would the Commission assess in which fields and disciplines there is a need for more funding for fundamental research? What has the Commission done to address this issue?

Commission's answer:

The Commission agreed that fundamental research, as shown by its relentless support to the European Research Council (ERC) is important. The ERC Scientific Council, composed of eminent scientists and scholars appointed by the European Commission, sets the strategy for the financial support to fundamental research, independently from the Commission. ERC grants are awarded through open competition to projects headed by starting and established researchers with scientific excellence as sole criterion for selection. The Commission supports this approach.

To provide further evidence in support of the design of future actions, in the framework of the ex-post evaluation of Horizon 2020, the Commission is launching an external study to assess the relevance of the Horizon 2020 policy mix, to be completed in 2022. This will enhance the evidence and information sources mobilised in the Framework Programme decision making process, including foresight and strategic analysis, as well as an overarching analysis of the adequacy of the types of actions and technological readiness levels covered, given the Framework Programme objectives.

8. An efficient way of boosting research and innovation is to increase the private sector's contribution into dedicated projects. How has the Commission ensured that the rules governing the public-private partnerships are transparent and preventing any potential abuse/fraud of the Union's financial and intellectual interests?

Commission's answer:

As far as public-private partnerships established under Art. 187 TFEU ('Joint Undertakings') are concerned, the rules governing private partners' contributions are set out in the Regulations establishing these Union bodies. In accordance with the relevant provisions, in kind contributions (i.e. one of the main forms of contributions from partners) are certified by independent external auditors. Should

private partners fail to meet their contribution obligations established by law, the Commission has the possibility to terminate, reduce or suspend the Union contribution to the concerned partnership. The legal framework thus empowers the Commission to react to situations that might put the Union's financial interests at risk. As regards the intellectual interests of the Union, the applicable grant agreements set out that the JU, EU institutions and other Union bodies enjoy access to beneficiaries' results for developing, implementing or monitoring EU policies or programmes.

The Commission shares the ambition of increasing private investment in public-private partnerships in order to boost research and innovation. The contribution model of institutionalised public-private partnerships to be established under Horizon Europe has been revised and further streamlined. In-kind contributions incurred in projects will be calculated on the basis of eligible costs, which allows the alignment of the reporting of contributions with project reporting, thereby reducing the administrative burden for beneficiaries and making contribution levels comparable across partnerships. Moreover, the basic act establishing future Joint Undertakings will allow for the reduction of funding rates at work programme level, where this is considered appropriate from a policy perspective and in order to increase further private investment. The scope of additional activities will be clearly defined in this basic act, ensuring Union added value of the planned activities that will be taken into account for matching the Union contribution. The possibilities of the Commission to react to undesired developments in institutionalised partnerships will be further clarified and reinforced. The same is true for the intellectual interests of the Union, where the respective provisions will be strengthened and set out at the level of the basic act, giving them more visibility.

9. The Creative Europe programme was launched to help recognise the contribution of refugees and help them integrate into European societies through culture and communication. While DG EAC showcases plenty of success-stories on the 'results' webpage, has the Commission assessed the programme's impact on mobilising and integrating women and providing equal opportunities for persons with disabilities? What were the results of the assessment?

Commission's answer:

The Monitoring report for the Creative Europe Programme 2019 shows that, although gender equality and inclusion of marginalised groups are not formal objectives of the current programme, they are a strong focus of cultural and creative operators' activities and the object of different initiatives. As an example, in 2019 the Live DMA network published a Diversity Roadmap which makes recommendations on diversity and gender equality in live music venues, clubs and festivals. Moreover, gender equality will inter alia be addressed when implementing targeted action to help the cultural and creative sectors become more sustainable, i.e. in the context of a new call in 2020 in the field of Music Moves Europe.

Gender-related issues have been addressed by several other projects supported by Creative Europe. For example the contribution of children's literature to promoting gender-positive perspectives that was the focus of a project led by the

University of Bologna, Italy; or the project “Performing Gender - Dance Makes Differences”, a two-year capacity building programme coordinated by Arcigay Il Cassero from Bologna, addressed to a new generation of European dance artists and professionals. The objective of this project was to provide a set of knowledge, skills and tools that will be useful in developing a new form of narrative for LGBTI identities. Furthermore, inclusiveness addressing citizens with disabilities was the focus of the Sweden-led project “Crossing the line”, where, for the first time, three leading European professional theatre companies working with artists with learning disabilities came together to meet, work and learn together to increase the skills of their artists and to raise the profile of the field.

The new Creative Europe programme foresees strengthening the aspect of gender equality across the programme. Moreover, inclusion will be a major dimension of the programme actions.

10. Recent studies conducted in the EU have shown how intersecting social statuses, as well as gender and migrant status, shape labour market participation. ‘Gender gap’, ‘migration gap’ and ‘migration-gender gap’ were still heavily present in the Union’s labour landscape in 2019, which has not only got a social, but also an economic impact. Has the Commission acknowledged these issues and undertaken actions to efficiently tackle them? Has the Commission considered deployment of education programmes which would help disadvantaged persons increase their chances? If yes, what kind of measures have been taken?

Commission's answer:

Inclusion is also one of the constituent dimensions of the European Education Area that includes several initiatives that aim to improve access to high quality education for all, no matter their socio-economic status, gender, race, ethnicity or other personal background. These initiatives aim in particular at supporting pupils at risk of underachievement, considering different factors of disadvantage. In addition, the European Education Area will boost analysis and policy work on gender specific challenges in education. One of these, the Pathway to School Success initiative will help all pupils to reach baseline and level of proficiency in basics skills and will have a special focus on that are more at risk of underachievement and early school leaving, such as pupils with disability

-) The current Erasmus+ has doubled the number of participants with fewer opportunities - which includes participants with disabilities and people facing discrimination due to gender or sexual orientation, or migrant backgrounds, among other categories - compared to its predecessors (11.5% of the total number of participants, reaching up to 30% in youth, are concerned).
-) Under the first calls of the European Solidarity Corps (2018-2020), 44% of funded activities targeted people with fewer opportunities and 32% projects addressed inclusion as a topic or theme of their activity.
-) The future Erasmus+ and European Solidarity Corps programmes will roll out dedicated inclusion measures, covering all fields of education, training, youth and sport and solidarity. These measures will be aimed at better

promoting social inclusion and improving outreach to people with fewer opportunities, inter alia by addressing the barriers faced by accessing the opportunities offered by the programme, as well as to better involving in funded projects organisations with different profiles. These measures will range from financial mechanisms to targeted communication activities, easier-to-access mobility and cooperation activity formats, as well as training and networking opportunities.

Questions specifically related to DG RTD's activities

11. In 2019, DG RTD had a rate of new applicants of 65%. In this regard, what kind of specific measures has the Commission put in place for the explanation and clarification of rules, such as eligible expenses?

Commission's answer:

In 2019, the Common Implementation Centre of DG Research & Innovation organised 16 outreach events (see point 4) in several Member States and Associated Countries. In all these events, the agenda point on “Most common errors” was compulsory and explained to the event attendees how to submit correctly their costs as participants. In parallel, documentation and guidance (including a step by step online manual, Annotated Grant Agreement with annotations for all articles and including examples, Grant management FAQ) have continuously been updated on the Funding & Tenders Portal. Moreover, a note is sent to all beneficiaries on the most common errors spotted in ex-post audits with the aim that beneficiaries will avoid them when reporting their costs.

12. What has been the evolution of gender mainstreaming in the projects funded by DG RTD?

Commission's answer:

Horizon 2020 is one of the current MFF programmes in which gender mainstreaming is considered to be the highest, as reported by the European Parliamentary Research Service (EPRS) ahead of the 2019 European Parliament elections. It was the first Framework programme to introduce specific articles setting gender equality as a priority and crosscutting issue, with three underpinning objectives: gender balance in decision making bodies, gender balance in funded research teams, and the integration of the gender dimension into research and innovation (R&I) content.

Targets set for the first two objectives have already been met, and increasing efforts have been dedicated to the mainstreaming of the third objective. This entailed identifying (flagging) call topics needing specific sex and/or gender analysis, as well as asking applicants to all R&I actions whether sex and gender analysis is relevant to the contents of their projects. The amount of gender-flagged topics has steadily increased, going from 16% in the 2014-2015 work programme to over 23% in the 2018-2019 work programme, and above 36% in the 2020 work programme.

In order to increase further gender mainstreaming in H2020 funded projects and to ensure that future R&I outcomes benefit all citizens, DG Research and Innovation launched in early 2019 an expert group on Gendered Innovations which developed methodologies and case studies on sex, gender and intersectional analysis in a variety of key R&I areas – including COVID-19 – showcasing Horizon 2020 projects. The [resulting policy report](#), released on 25 November 2020, provides recommendations for effective implementation under Horizon Europe.

In addition, Horizon 2020 has a specific programme part dedicated to the promotion of gender equality in R&I organisations. The 2019 work programme has allocated funding to four collaborative projects on the implementation of gender equality plans, one project on scenarios for a European-level award or certification scheme on gender equality in R&I organisations, and one on the integration of a gender perspective on dialogues with third countries on science, technology and innovation.

Since the beginning of Horizon 2020, gender equality related actions under this Science-with-and-for-Society programme have benefitted over 200 organisations, through 28 projects and for a total budget of EUR 64.6 million¹.

13. What is the percentage of female researchers involved in projects funded by DG RTD?

Commission's answer:

Gender equality is a crosscutting issue in Horizon 2020, which underpins three objectives: gender balance in decision making bodies, gender balance in funded research teams, and the integration of the gender dimension into research and innovation (R&I) content.

With regards to gender balance in research teams, women currently represent 41% of the total project work-force.

Looking into researchers only, 36% of the reported researchers in Horizon 2020 are women for all parts of the Programme. Breaking down the data for the different parts, for all types of Actions in MSCA, 41% of reported researchers are women.

Women represent 27% of the population of Principal Investigators in the ERC Programme part.

The proportion of women among reported researchers in the other parts of the Programme is 31%.

Considering the data solely for 2019, for all types of Actions in MSCA, 47% of reported researchers are women.

Women represent 28% of the population of Principal Investigators in the ERC Programme part.

The proportion of women among reported researchers in the other parts of the

¹ <https://op.europa.eu/en/web/eu-law-and-publications/publication-detail/-/publication/8cf2353d-cbc9-11ea-adf7-01aa75ed71a1>

Programme is 32%.

14. Observing DG RTD's 2019 Annual Activity Report (p. 38), and the Court's findings, we see that despite of the simplification measures put in place, the level of errors and their nature has not improved as expected. What additional measures and actions has the Commission undertaken so far to prevent errors by the beneficiaries because of insufficient understanding of the rules or of not respecting them?

Commission's answer:

The Commission services and more specifically, the Common Implementation Centre of DG Research & Innovation, has organised regular outreach events to explain better the rules and to guide participants on how to implement their grants correctly. The coronavirus and technological advancements in event organisation have offered possibilities for more and better outreach via online events directly targeting specific participant groups such as error-prone beneficiaries (SMEs, newcomers and participants from third countries). In the coming years, these events are expected to provide the necessary information and explanation of the rules to these groups and to result in the further reduction of error rates. Moreover, all beneficiaries are sent a note on the most common errors spotted in ex-post audits with the aim that beneficiaries will avoid them when reporting their costs.

The Commission expects a major reduction of the error rate due to the horizontal adoption of new harmonised contractual funding rules applicable in the new generation of Union programmes through the binding use of a common Model Grant Agreement (MGA). This horizontal MGA provides a major simplification of personnel cost rules by limiting to a simplified daily rate applicable for personnel cost across Commission grants which should reduce the most common errors related to the complex current rules on personnel cost in research actions and across all Union programmes.

15. Can the Commission further explain the new initiatives taken by DG RTD to continue simplifying and digitalising procedures and programmes, bearing in mind that the complexity of the rules is often blamed for the error rate?

Commission's answer:

IT improvements and guidance to beneficiaries are continuous. The Funding & Tenders Portal is continuously updated and offers a set of tools and information for better guiding the users. The Online Manual for Horizon 2020, an updated notification system per process, and the Annotated Model Grant Agreement are two of the tools used in this direction. Furthermore, the new programme Horizon Europe is designed to offer a further simplified and transparent environment for the participants with:

- A stable legal framework with simplified rules and procedures
- Digital administration in a single platform where all information is available

- A fair, transparent and objective evaluation of proposals
- Outreach, guidance and support to participants with a complete set of tools & services at beneficiaries' disposal.

In this sense the Common Implementation Centre of DG Research & Innovation (CIC) has developed a personnel costs wizard, for optional use, in order to help beneficiaries calculate their personnel costs and complete their financial statements.

In addition to the already adopted measures described under Question 14, the Commission is now considering further actions to address the high rates of errors in research actions. Firstly, an intensive public information campaign to reach the group of entities most prone to error, including especially SMEs, in order to better explain the correct application of rules. Secondly, a major expansion of comprehensive simplified cost actions (e.g. Lump Sum grants) that will allow for the reduction or elimination of the common actual-cost related errors if widely implemented for research actions.

Questions concerning errors in travel cost reimbursement

In its Annual Report (p. 121), the Court notes that among the frequent errors found in direct costs besides wrongly calculated personnel costs are reimbursements for travel costs either unrelated to the audited EU project or not actually incurred.

16. In which areas are these types of errors found in particular?

Commission's answer:

The errors reported by the Court of Auditors as regards travel costs for this Annual Report are related to nine research projects sampled. The projects cover different scientific matters.

In none of the cases did the auditors find errors above 0.63 % of the total costs incurred by the beneficiary in the reporting period.

The highest amount reported as error in travel costs is EUR 2.518 (0.63% of the cost requested). In the rest of the cases, the amount found by the auditors do not exceed individually 808 euros. The average is EUR 330.13 related to an average of cost requested of EUR 223.459,50.

The explanation provided by the Court relative to the highest error (the case of EUR 2.518) is: "these costs relate to the participation of the Principal Investigator in a seminar in X, planned to be held in January 2020. The seminar was cancelled by the organisation due to civil protests in that country. The beneficiary was informed of the cancellation on 26/11/2019 but the flight tickets and hotel had already been booked, paid and recorded in accounting." The beneficiary concerned, has issued a reimbursement request addressed to the travel agency for these costs.

See also reply to Question 48 as regards measures taken to address issues

identified on travel costs.

17. How can a reimbursement claim for travel costs that have not actually been incurred constitute an error and not fraud?

Commission's answer:

According to the Court of Auditors' description of the errors found, all the costs have a clear explanation on their ineligibility and the beneficiaries provided an explanation to the auditors although they were ineligible. The only case reported where it is not possible to assess whether it has been incurred or not is one of EUR 29 which was "not supported by receipts". The Commission considers that the cases reported under this category are cases of error and not fraud. In addition, the amount concerned by this type of errors is below 0.25 % of the costs reimbursed.

18. What are the reasons for these errors to occur?

Commission's answer:

The Court of Auditors describes the errors found in all the cases. The reasons provided by the beneficiaries are diverse. The highest amount of error is described above in the response to the question 16. The explanations for the remaining cases are as follows: In one case, a member staff of the audited project attended meetings in Brussels for two different projects and charged the total travel costs to one of them instead of splitting it and attributing half of the costs to each project. In another case, "the audited travel was combined with private travel", therefore, the extra costs were rejected. In this case the amount is below 0.28 % of the costs requested for reimbursement. In another case, the flight tickets were upgraded, and the excess of the costs were not considered eligible. In all these cases, the Commission is proceeding with the recovery of the undue amounts paid.

See also reply to Question 48 as regards measures taken to address issues identified on travel costs.

19. Did the Commission also find evidence of such travel cost reimbursement claims for travel costs that have not actually been incurred? If so, where (which projects in which Member States) and to what amount?

Commission's answer:

No. All cases reported by the Court concerned real travel costs, some of which were considered (partially) ineligible. The only reported case impossible to assess, as it was "not supported by receipts", concerns a claimed expense of EUR 29.

The European Anti-Fraud Office (OLAF) has also carried out such investigations on the basis of other sources and has established such irregularities. However, the amounts involved were negligible.

Questions concerning issues in third countries

20. There have been certain problems regarding possible misuse of research funds in third countries. Could the Commission successfully investigate and scrutinise these claims in case the complaint was about the work of institutions and companies in third countries? Was the Commission or any other EU institution able to check the auditing process for those companies? Have they identified any shortcomings, and if yes, which kind? Were there any sanctions imposed? If not, why not, and if yes, what kind of sanctions have been decided upon?

Commission's answer:

OLAF, which is the EU body mandated to investigate alleged fraud against the EU budget, has carried out investigations on fraud allegations involving EU research funds in non-EU countries. This includes a recent investigation in Tanzania triggered by an audit carried out by DG RTD audit. The investigation resulted in a financial recommendation to DG RTD for the recovery of the misused funds.

In 2018, OLAF completed an investigation in Egypt concerning the double funding of personnel costs concerning programs financed by DG RTD and DG NEAR, following an audit by the latter. The OLAF investigation established the double funding and irregularities related to personnel costs. OLAF subsequently issued financial recommendations for recovery. OLAF also recommended RTD to scrutinise future cost claims by the beneficiary. In 2019, as part of the monitoring of recommendation, DG RTD informed OLAF that the recovery had been completed.

Beneficiaries from third countries receiving H2020 funds fall under the same rules, and thus possibility of audit, as beneficiaries from Member States.

The Commission does not check their auditing processes but the eligibility of the costs charged to a project. In cases of ineligible costs, contractual measures to recover the funds are taken as for any other beneficiary established in a MS.

In cases where there is a detected potential misuse (suspicion of fraud), the file is sent to OLAF.

21. Certain shortcomings have been identified regarding the possible misuse of research funds and double financing issues in third countries. In what form has the Commission reacted? What steps were implemented to close possible loopholes in this regard?

Commission's answer:

The European Commission shows no tolerance on fraud. All suspected fraud cases are communicated in due time to the competent Anti-Fraud Office (OLAF) which is responsible for investigating further the existence of fraud in EU spending.

Even when such cases are dismissed by OLAF, the services in charge consider such matters in the framework of the overall control strategy and their risk assessment procedures.

Questions related to the European Research Council

In May 2019, Mauro Ferrari was appointed president of the ERC to take office on 1 January 2020. The ERC's statement on the appointment of Mr Ferrari reads: "The appointment of Professor Mauro Ferrari is the outcome of a rigorous selection process in which an independent Search Committee made a thorough study of all applications received and, on that basis, prepared a short list of candidates for the position. The list was submitted to the ERC Scientific Council, which channelled its comments to European Commissioner Carlos Moedas, who made the final decision". After just three months he was forced to resign following a unanimous vote of no-confidence, because he showed "a complete lack of appreciation for the *raison d'être* of the ERC", failed to participate in meetings, used his position to ingratiate himself with the Commission, and let his other academic and commercial endeavours distract him from his work at ERC (quote from official ERC statement²).

22. Could the Commission please describe in detail the selection process, including all its steps and procedures? How is the search committee composed?

Commission's answer:

The search process leading up to the appointment followed the Council Decision on Horizon 2020 (Art 6.3 of the Council Decision of 3 December 2013 establishing the specific programme implementing Horizon 2020), notably:

-) The ERC shall have a President who shall be chosen from among senior and internationally respected scientists.
-) The European Commission will select the next ERC President with the help of a dedicated search committee.
-) The recruitment process and the candidate selected shall have the approval of the ERC Scientific Council.

The Commission (Director-General of DG Research and Innovation) informed the ERC Scientific Council on the overall procedure, in two plenary meetings on 19 April and 6 July 2018 respectively.

A Search Committee was constituted (Commission News Alert: https://ec.europa.eu/info/news/high-level-search-committee-find-next-president-european-research-council-2018-may-30_en) and met three times in Brussels, on 4 July and 16 October 2018 and on 11 January 2019.

The Search Committee opted for inviting direct applications. The Committee established a Statement on the search process and requirements for the next President of the ERC. The position as the next ERC President was advertised in *Nature* and the *Economist*, and through a Commission News Alert on 16 July 2018 (https://ec.europa.eu/info/news/applications-invited-fill-post-next-president-european-research-council-2018-jul-16_en), and included the abovementioned Statement. Representative research organisations at the European level and other research organisations were asked to encourage good candidates to apply through

² <https://erc.europa.eu/news/resignation-mauro-ferrari-%E2%80%93-statement-scientific-council>

a letter from the Chair of the Search Committee.

Fifty eligible applications were received by the deadline of 1 October 2018. The applicants were assessed against established selection criteria. Following discussions among the Committee members, a list of the best applicants was established and interviews were conducted. Following the unanimous agreement among the Committee members, the Chair presented a letter with the names of the three retained candidates to the Commissioner on 11 January 2019. This concluded the work of the Search Committee.

The subsequent steps included meetings between the three retained candidates and the Scientific Council on 27 February 2019, in line with Art. 6.3 of the Horizon 2020 specific programme. Professor Ferrari received the approval of the ERC Scientific Council.

The final appointment decision was taken by the College by written procedure on 14 May (https://europa.eu/rapid/press-release_IP-19-2471_en.htm). Following a consultation of the budgetary authority, the Commission entered into a contract with Professor Ferrari whereby he was administratively recruited as a special adviser to the European Commission. A conflict of interest examination was conducted prior to the signing of the contract based on signed declarations by Professor Ferrari.

The Search Committee was composed by the following members:

-) President Mario MONTI (Chair), President of Bocconi University, Former Prime Minister of Italy
-) Alice GAST, President of Imperial College London
-) Fabiola GIANOTTI, Honorary Professor, University of Edinburgh, Director-General of CERN, the European Organization for Nuclear Research
-) Carl-Henrik HELDIN, Professor in Molecular Cell Biology at Uppsala University, Chairman of the board of the Nobel Foundation
-) Jules A. HOFFMANN, Chair of Integrative Biology, Professor at University of Strasbourg Institute for Advanced Study, 2011 Nobel Prize in Medicine
-) Helga NOWOTNY, Professor emerita of Social Studies of Science, ETH Zurich, Former President of the ERC Scientific Council
-) Maciej ZYLICZ, President and Executive Director of the Foundation for Polish Science

23. How could the “rigorous selection process” end in such a mess? What went wrong?

Commission's answer:

The selection process has indeed being rigorous and followed the established procedure.

On Friday 27 March, all 19 active members of the ERC's Scientific Council individually and unanimously requested that Professor Ferrari resign from his

position as ERC's President.

The basis for ERC's Scientific Council to make such request is that Professor Ferrari showed, reportedly: (i) lack of appreciation for the *raison-d'être* of the ERC to support excellent frontier science; (ii) lack of engagement with the ERC, failing to participate in many important meetings, spending extensive time in the USA and failing to defend the ERC's programme and mission when representing the ERC; (iii) personal initiatives within the Commission, without consulting or tapping into the collective knowledge of the Scientific Council; (iv) multiple external enterprises, some academic and some commercial, which took a lot of his time and effort and appeared on several occasions to take precedence over his commitment to ERC. This and more information regarding the resignation of Professor Ferrari is reported in the Statement by the ERC's Scientific Council of 8 April 2020 on the resignation of Professor Ferrari.

(<https://erc.europa.eu/news/resignation-mauro-ferrari---statement-scientific-council>).

24. How did the Search Committee arrive at its decision for Mr Ferrari, as Mr Ferrari proved himself unsuitable for the job after such a short time?

Commission's answer:

The Search Committee conducted the process according to the established procedure and presented a short-list of three candidates. Art. 6.3 of the Horizon 2020 specific programme prescribes that "The President shall be appointed by the Commission following a transparent recruitment process involving an independent dedicated search committee, for a term of office limited to four years, renewable once. The recruitment process and the candidate selected shall have the approval of the Scientific Council".

The reasons related to the resignation of Professor Ferrari are presented in detail in the statement made by the ERC Scientific Council on 8 April 2020. See link below.

(<https://erc.europa.eu/news/resignation-mauro-ferrari---statement-scientific-council>).

25. Did the Search Committee recommend Mr Ferrari or did Commissioner Moedas overrule the recommendation by the Search Committee? If so, on what grounds and with what justification?

Commission's answer:

The Search Committee recommended Professor Ferrari and the Scientific Council approved him as President. Commissioner Moedas did not overrule the recommendation by the Search Committee. The Search Committee had presented a short-list of three candidates. The decision to appoint Professor Ferrari was taken following interviews of each candidate by the Commissioner and Professor Ferrari received the approval of the ERC Scientific Council.

Questions concerning the Horizon 2020 programme

26. How many top researchers at various stages of their careers have been funded via Horizon 2020, in 2019, and in total from the start of the programme? Could the Commission provide information from which countries are these researchers, and how many come from a given country?

Commission's answer:

The European Research Council Executive Agency has awarded 5 634 main frontier-research grants in the period 2014-2019 distributed by funding schemas corresponding to various career stages of the Principal Investigator: Starting, Consolidator and Advanced. In 2019, a total of 909 main grants were awarded.

The breakdown by country of the institution hosting the Principal Investigator, is presented bellow (data as of August 2020):

ERC	2014-2019				Only 2019			
Host country	Starting	Consolidator	Advanced	Total	Starting	Consolidator	Advanced	Total
AT	76	49	39	164	9	8	5	22
BE	89	68	48	205	17	9	6	32
CH	137	118	125	380	31	21	16	68
CY		3		3		1		1
CZ	14	11	3	28	1	1		2
DE	382	309	236	927	70	56	35	161
DK	56	47	27	130	11	9	2	22
EE	3	2	2	7	1		1	2
EL	4	12	3	19	2	1		3
ES	121	111	78	310	19	14	14	47
FI	41	38	26	105	4	4	3	11
FR	262	235	158	655	39	43	21	103
HR	1	1		2	1			1
HU	10	11	6	27	1		1	2
IE	35	28	13	76	4	6	4	14
IL	158	95	52	305	35	16	6	57
IS	1	2		3				
IT	123	97	78	298	22	14	11	47
LT			1	1				
LU	2	7	3	12		2		2
NL	246	165	108	519	50	34	14	98
NO	38	32	10	80	7	7		14
PL	13	5	2	20	1	2	1	4
PT	27	30	8	65	2	4	1	7
RO	5	1	1	7			1	1
RS	1	1		2				
SE	86	62	46	194	14	10	6	30
SI	3	1	7	11	2		3	5
TR	9	6	1	16	3	2		5
UK	391	378	294	1063	61	53	34	148

	Total	2334	1925	1375	5634	407	317	185	909	
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27. The Court made an observation in its 2019 Report on performance of the EU budget that the Commission provides vague conclusions for the performance of the Horizon 2020 in the programme statements, which are not for specific objectives. Could the Commission provide information for the objectives covered by the three pillars of the Programme as to their state of implementation and level of achievement, and potential risks of non-achievement?

Commission's answer:

The observation of the Court of Auditors refers to the Programme Performance Overview (PPO). The PPO is a summary of the information that is available in the Programme Statement (see the link below, pages 57-81), which sets out more extensive information, split by specific objective.

https://ec.europa.eu/info/sites/info/files/about_the_european_commission/eu_budget/draft-budget-2020-wd-1-web-1.4.pdf

The Commission has taken note of the observations of the Court, and will consider how it can best present a summary of the available information in the PPO.

28. The climate-related expenditure under Horizon 2020 remained below the expected level, and the Commission launched a dedicated call in 2020 to address this issue specifically. According to the Commission's performance evaluation, what were the reasons for this underperformance? Does the Commission have statistics available on how many of the eligible proposals received grants in the field of climate-related research? If so, where?

Commission's answer:

Around 32% of Horizon 2020 operational expenditures are expected to contribute to climate relevant objectives by the end of the programme. In 2020 and thanks to the additional boost received by the European Green Deal Call for Proposals, this percentage was close to 36 %.

However, this result is to be considered as an expectation: the final figure will not be available until after all grants are signed. In fact, 32% of Horizon 2020 budget is committed to programmes for Excellent Science, chiefly the European Research Council and the Marie-Sklodowska-Curie Actions. These are "bottom up" actions, where the Commission has no influence over the proposals presented by researchers. It is therefore impossible to predict in advance whether the proposals will relate to climate action or not. In reality, in the past, the level of support for climate-related actions has been relatively low.

The level of climate-related expenditure in the so-called "programmed" part of the programme, where the Commission sets the areas of research it wishes to support, is much higher, but not enough to make up the shortfall in the "bottom-up" schemes. In particular, according to the Rio Markers Methodology - used to track climate expenditure across the MFF - Societal challenges 2, 3, 4, 5 are the areas with the highest contribution to climate action, with more than 50% of the

budget allocated.

However, also in the programmable part of Horizon 2020, the different priorities that have arisen over the course of its lifetime that have limited the scope to increase the funds invested in climate-action should be taken into account. The increased importance of digitalisation, including cybersecurity, or health crises (e.g., Ebola or COVID-19) are amongst such increased priorities.

29. Which actions has the Commission undertaken to tackle the practice of applying discriminatory selection criteria, identified in numerous projects under the Horizon 2020 in the year 2019?

Commission's answer:

This matter refers to one of the findings reported to the Commission by the Court of Auditors. It relates to an electric infrastructure project under CEF.

The attention of the honourable member is drawn to the fact that the text of the Court in box 4.2 that states “Breakdown of the estimated level of error by error type”, related to “Unlawful/discriminatory selection/award criteria, 16 %” points to a single transaction. The Court considered as an error the language requirements applied by the beneficiary, not the Commission, when subcontracting the works. More specifically, the Court found that the tender launched by the beneficiary required that at least 2 project managers should have a level B2 proficiency in Latvian, and considered that this limited competition only to Latvian companies.

In this respect, the Commission contacted the beneficiary concerned making him aware of the observation of the Court and asking for clarifications. It appeared that the beneficiary was subject to Latvian Regulations which define the need for a level of Latvian not lower than B2, and that Project Managers were meant to be able to communicate in Latvian with State authorities, local municipalities, landowners affected by the work operations as well as other third party.

It was also clarified that one foreign consortium passed the selection step and 2 out of 6 bidders had foreign components in their tenders.

Furthermore it should be noted that the Common European Framework of Reference for Languages (CEFR) refers to the B2 level as an upper intermediate level, and not a level of a native speaker and the approach regarding a minimum language requirement for the execution of a contract is generally accepted in public procurement procedures within the European Union.

The Commission is always vigilant with the implementation of projects and remind the beneficiaries with their obligations related to the EU funding.

In its performance report, the Court found that the ‘seal of excellence’ has not been universally picked up and national funding schemes are not widely recognising it.

30. In which Member States are these ‘seals of excellence’ not used or recognised? Why is this the case? What are the reasons?

Commission's answer:

While the Commission has assisted in a generalised increase of the awareness/recognition of the value of the proposals awarded with the Seal of Excellence in the great majority of countries, the Seal is not supported to the same degree everywhere. Following the available data from Member States voluntary reporting, we count now 44 Seal support schemes at both regional and/or national level implemented in total of 18 countries. Some Member States, such as Greece, Cyprus, Poland, and Italy mobilise quite a substantial amount of Structural Funds to support Seal proposals; other Member States support the seals providing complementary services (coaching, etc.). Other Member States (BG, RO, MT, IRL, DK, LUX, DE, PT) did not use yet this opportunity (as far as we know), even if some of them are planning to do it soon.

Supporting the Seal is a voluntary choice, and each MS will consider it in relation to its other available support tools, its socio-economic system and its administrative capacity. There are different reasons for a low or no uptake of the Seal in some Member States. The funding authorities with an interest in supporting Seals, often mention as one of the blocking factors the current administrative complexity due in part to the application of the State Aid rules (that are not applicable in the case of Horizon 2020 Funding). This problem has been addressed through important simplifications in the next programming period (see section 2 below on GBER).

31. What has the Commission done or intends to do to facilitate/increase a positive effect of the 'seal of excellence'?

Commission's answer:

Since the launch of the Seal of Excellence initiative in October 2015, DG Research and Innovation, in collaboration with DG REGIO, has undertaken several actions to support both funding bodies (described below) and Seal holders (described under Q3) to take full advantage of Seal of Excellence (SoE).

Amongst the Commission initiatives to support the funding authorities, the main ones are the following:

-) The Seal-of-Excellence Community of Practice (CoP), set up in 2015, whose members are managing authorities and any public or private body with funding power committing to implement 'Seal' friendly actions, numbers over 240 members from 27 Member States and 3 Associated Countries. The CoP has regular meetings chaired by the Commission and an IT platform that allows funding bodies to be informed on rules to support Seals and exchange practices on the best modalities.
-) A dedicated website on the SoE provides information on how to use the Seal, available funding opportunities, information for funding bodies and latest news.
-) The Horizon2020 dashboard has been enriched with a search function to display Seals, aggregate figures on numbers, topics and requested EU contribution of Seals per MS/region, information helpful for funding bodies intending to set up support measures for Seal holders.

-) On a request from the MS / region having a Seal support funding scheme, the Commission informs the Seal holders of that region/MS of the opportunity and provides the related reference points.
-) Very important progress has taken place from the point of view of the legal setting, to facilitate the support of the Seals by the funding authorities.
-) In 2020, the Commission included references to SoE in almost all EU funding programme regulations and has made an incredible effort (through a coordinated approach amongst its different DGs – R&I, REGIO, COMP) to align relevant synergy-friendly provisions to reduce administrative burden for funding bodies willing to support the seal. Through simplified possibilities in the new regulatory framework for Horizon Europe (art 11) and Cohesion Policy (CPR Art 67.5), currently under negotiation, actions awarded a Seal of Excellence certification will receive support more easily from the European Regional Development Fund and European Social Fund+ or the European Agricultural Fund for Rural Development, if such actions are consistent with objectives of the programme concerned. Project proposals, which have received a SoE under HE, will not need to be re-evaluated on the technical substance of the project under Cohesion Policy programmes.
-) In addition, the General Block Exemption Regulation (GBER) under review (art 25), envisages allowing more favourable state aid conditions for the Seal. In particular, national and/or regional funding authorities (including those managing Cohesion Policy programmes) will be able to provide directly alternative funding to Seal of Excellence projects at the same financing conditions (i.e. funding rates and eligible costs) as under Horizon 2020/Horizon Europe. Such simplification regarding state aid rules should facilitate the uptake of SoE projects in H2020 or Horizon Europe.
-) On the side of the Horizon Europe Work programme, conditions will be in place to identify easily and reach out to Seal proposals: i.e. the Horizon calls that will deliver the Seal will be clearly identified in the work programme and mechanisms will be put in place to ensure that Managing Authorities will have easier access to information on the Seal of Excellence holders.
-) In order to help funding authorities to understand the new provisions, a short guidance has been produced (to be developed further in the future), technical seminars are foreseen and a network will be launched bringing closer together the two national decision-making communities (for research funds and structural funds) to favour exchange of practices and access to the same source of information.

32. What other measures are currently in place or intended for the future to help excellent projects and researchers that have to be rejected due to lack of funding?

Commission's answer:

Besides helping the funding bodies to reinforce the Seals, the Commission also provides support to Seal holders, or to projects that are above threshold but not funded, for them to be able to find alternative funding.

Several actions are underway to raise the value of the Seal:

-) In 2020, the Commission issued thematic Seals, namely Green Deal and Covid-19 response Seals, in order to facilitate the uptake of these important proposals.
-) In the future, the plan is to make Seals eligible for complementary non-financial support which is normally only accessible to Horizon projects and to make the awarding process of the Seal more selective and therefore increase its value and reputation.
-) To reinforce the attractiveness and impact of the SoE, it is proposed that in the context of the full-fledged EIC Accelerator under Horizon Europe, such Seals would be awarded only to projects that pass the first evaluations steps, but do not succeed at the level of the final face-to-face evaluation panel. As is the case for selected and funded projects, they would also benefit from the Business Acceleration Services (BAS) provided by the EIC and would be integrated in EIC business community, with potential participation to “Corporate Days”. Special agreements between MS and/or region concerned with the EIC Fund would allow allocation of equity funding, in addition to a grant, according to the blended finance concept.
-) The Commission has also engaged in providing matchmaking for Seal beneficiaries, via Access2EIC–Seal of Excellence online community and the InvestEU platform that flags COVID SME Seals for attracting registered private investors/venture capitalists. Seal Holders are supported through the on-line matchmaking EIPP (European Investment Project Portal), co-financing of Intellectual Property diagnostic and protection actions under IPA4SME, the InvestHorizon accelerator programme, and the provision of targeted information addressed to Seal holders.
-) In addition to the provisions on the Seal, Cohesion Policy Managing Authorities will be allowed to transfer voluntarily funds to Horizon Europe that will be used to fund above threshold/not-funded projects of those MS/regions providing the funding. Such a voluntary transfer of funds to Horizon Europe could be used for supporting, through Horizon granting and project follow-up procedures, those above threshold/not funded project proposals that would otherwise receive the Seal of Excellence and then seek alternative funding in a specific region.

33. Could the Commission present information on how many eligible projects, which have not received a grant under Horizon 2020, have received a ‘seal of excellence’ from the beginning of the period until now, year by year?

Commission's answer:

Since the Seal initiative was established in 2015, a total number of 15 882 Seal certificates have been awarded SME instrument (SMEi). SMEi/EIC Seal accounts

for 8 580 and Marie Skłodowska-Curie Actions (MSCA) for 7 302 Seals.

For the SMEi, the start year is 2014 since Seals were awarded retroactively when the initiative was launched in 2015, in order not to penalise the project proposals that were evaluated at the start of the H2020 programme. In other words, the 'Backdated' Seals were made available to all eligible SME Instrument proposals from the beginning of H2020.

Yearly breakdown of awarded Seals

Year	SMEi	MSCA
2014	376	
2015	1.114	
2016	1.212	2.052
2017	1.706	1.599
2018	1.388	1.872
2019	1.830	1.779
2020	954	*
Total	8.580	7.302

* The Seals of Excellence for the MSCA Individual Fellowships 2020 call have not been awarded yet.

34. Does the Commission follow the further development of projects with a 'seal of excellence' and does it have information on how many projects, and in which areas, have received financing under other EU programmes or national funding schemes?

Commission's answer:

The Commission supports Seal of Excellence project proposals in their search for alternative funding, but there is no systematic monitoring system to follow them, as they are in fact outside the 'Horizon' projects follow-up process.

Rather, the follow-up is made through the Cohesion policy authorities and information on the support schemes that they can put in place. However, the collection of information is not systematic as this is not foreseen in the Cohesion regulation and the data available rely on the voluntary provision of information. As concerns concrete data on up take of projects awarded Seals of Excellence by ERDF programmes, the Commission does not have structured, detailed information by programmes implemented in shared management in the Member States. There is no formal requirement for Member States to report such information on the implementation of Seal of Excellence schemes in their programme implementation reports. We therefore have only partial information based on voluntary reporting from managing authorities and such schemes remain at the discretion of each country to best meet the programmes' needs.

Data is collected either via those managing authorities who are part of the Seals of Excellence Community of Practice managed by DG RTD or from direct feedback REGIO's geographical units receive from managing authorities.

Since the launch of the Seal initiative, **44 funding schemes** for Seal proposals have been put in place at a national or regional level in **18 countries**.

Seal Scheme	Number of 'Seal' Schemes	Countries
31 SME Instrument Seal schemes	16 PHASE 1 schemes in 13 countries	CY (1), IT (1), ES (3), HU (1), SI (1), SE (1), CZ (2), NO (1), PL (1), SK (1), BE (1) EL (1) and expected LT(1)
		11 National: CY (1), ES (1), HU (1), SI (1), SE (1), CZ (1), NO (1), PL (1), SK (1), EL (1) and expected LT (1)
		5 Regional: IT (1), ES (2), CZ (1), BE (1)
	15 PHASE 2 schemes in 10 countries	CY (1), IT (4), ES (2), FR (1), SI (1), PL (1), BE (2), LV(1), EL (1) and expected HR (1)
		6 National: SI (1), PL (1), CY (1), LV (1), EL (1) and soon HR (1),
		9 Regional: IT(4), ES (2), FR (1), BE (2)
13 Marie Skłodowska-Curie	MSCA schemes in 9 countries	CY(1), CZ (1), SE (1), SI (1), IT (5), LT(1), BE Flanders (1), BG (1), SW (1)
		6 National: CY (1), CZ (1), SE (1), SI (1), LT (1), BG (1)
		1 Regional: BE Flanders (1)
		6 Universities: IT (5), CH (1)
TOTAL	44 Schemes in 18 countries	1 National: CY (1)
		CY (3) *, CZ (3), IT (10), ES (5), FR (1), HU (1), SI (3), SE (2), NO (1), PL (2), HR(1), LV (1), EL (2), SK (1), LT (2), BE (4), BG (1), CH (1)
		*CY has a programme with 2 modules and it funds (Ph1&2, MSCA and ERC starting and consolidator grants)
) 25 National schemes) 15 regional schemes) 6 Universities' schemes

According to our estimates, around 600 Seal projects have been supported, of which around 200 from Structural Funds. The Commission will work with the Member States under the new MFF, to improve programmes monitoring systems and to capture this kind of information better.

Questions on reporting beyond programme-end

The Court concluded that it would be beneficial for the Commission to continue reporting on the legality and regularity as well as performance of programmes until the end of the n+3 period, as many programmes still suffer from low absorption rates even in 2019, the penultimate year of the current programming period.

35. Does the Commission intend to continue reporting on legality and regularity as well as performance beyond the end of the current MFF until the end of the n+3 period? If not, why not? If yes, how?

Commission's answer:

In its research policy, the Commission has always reported on performance well beyond the end of the MFF, reflecting the long term nature of research. It will continue to do so, most notably in the framework of the ex-post evaluation of Horizon 2020 to be delivered by end 2023, as per Horizon 2020 Regulation.

Furthermore, the Commission will continue reporting on the performance of Horizon 2020 in the next Programme Statements.

Questions on the next MFF and NGEU

36. How much money from the Next Generation EU will be prioritised in Horizon Europe?

Commission's answer:

The MFF agreement allocates EUR 5.4 billion from Next Generation to Horizon Europe.

37. What does the Commission intend to do to simplify the rules on personnel costs under the next Research Framework Programme (Horizon Europe)?

Commission's answer:

In Horizon 2020, there is a wide array of different options for the calculation of personnel cost. However, the multiple possibilities have largely increased the perceived complexity of the rules, often acted as a deterrent, rather than encouragement, for participation, and led to errors in the calculations.

For Horizon Europe, provisions on personnel costs will be further simplified. The concept of productive hours and the various prescriptive and complex methods to determine and report eligible personnel costs in Horizon 2020 will be discontinued. Instead, a single and simpler corporate daily rate formula is to be applied to align the very diverse and complex landscape of provisions currently in use across all directly-managed EU programmes.

Having such a corporate and simpler formula will reduce error risks for beneficiaries while simplifying administration and auditing across directly-managed EU programmes.

The current on-line IT tool for calculating personnel costs (*so-called 'personnel costs wizard'*, see Q.46) will be adapted to take into account the new rules and its wider use will be promoted towards beneficiaries.

38. How does the Commission foresee the trend of error rate to evolve in this policy field with the upcoming change of programming period? Which measures has the Commission implemented in this regard, in order to achieve its objectives for an acceptable error rate?

Commission's answer:

In addition to the simplification described under point 37, the Common Implementation Centre (CIC) of DG Research & Innovation is assessing the broader use of simplified forms of funding.

Moreover, the CIC has developed a new outreach strategy for the new programme Horizon Europe. Under this new strategy, technologies such as online videoconferencing platforms, will be used for the organisation of frequent thematic webinars, addressing specific audiences, including SMEs. This training, by means of specific guidance and examples, will demonstrate to the participants how to declare correctly their costs under the programme's rules. The webinars will be broadcast via the Social Media resources of DG Research & Innovation (YouTube account), thus securing unlimited participation capacity. In parallel, targeted invitations via email will be sent to participants, and include SMEs, newcomers, third country participants, ensuring a better and more accurate attendance rate.

The strategy has set specific Key Performance Indicators (KPIs) which are linked to the error rate trends and statistics and will be used for future comparative analyses. A specifically designed questionnaire to capture the quality of these webinars as perceived by the participants will be linked with the historical evolution of the error rates in the course of the implementation of the new programme.

The CIC will also prepare and organise an online training session (webinar) that will be available to all certifying auditors taking up assignments. The focus of the training will be adapted according to the main sources of error (i.e. personnel costs and more specifically calculation of hourly rate).

39. The global pandemic had a terrific impact on SMEs. What will the Commission do under R&I policy to support their recovery and scaling-up?

Commission's answer:

The Commission, with the introduction of the European Innovation Council (EIC) pilot, has been supporting and continues to support innovative start-ups and SMEs that are at high financial risk, but have the potential to make a major economic, environmental and societal impact. The demand from SMEs for this support has increased during the corona virus pandemic.

For instance, immediately following the Covid-19 outbreak, an additional budget of EUR 150 million was made available to fund SMEs with innovative solutions to COVID. From more than 1400 proposals received, the EIC selected 36 excellent projects to finance, and granted a further 139 COVID "Seals of Excellence" to facilitate applicants to access other sources of funding.

The Commission has also developed the 'ERA vs Corona Action Plan' with a range of R&I measures to tackle COVID. In addition, an 'EUvsVirus' Pan-EU

Hackathon was organised to mobilise European innovators, civil society and users, to develop innovative solutions to the challenges posed by COVID.

The Enterprise Europe Network helped SMEs to counter the impacts of the COVID-19 crisis in many ways:

-) The Network partners launched a virtual market place bringing together actors in healthcare, industry and academia in Europe. This market place facilitates the matching of offers and requests for innovative products, services, partnerships and investment. Currently, some 1.000 actors are registered on the market place.
-) The Enterprise Europe Network partners helped SMEs to revise/redesign their innovative products and services: for example, the Italian Network partner Veneto Innovazione supported “JONIX srl”, an Italian SME that develops air sanitisation and decontamination solutions. Thanks to the coaching support of Veneto Innovazione on industrial expertise, “JONIX” was able to build the number of devices expected for one year within a month.
-) The Maltese Enterprise Europe Network partner Malta Enterprise enabled “Blokks Ltd” to open up new markets for their innovative COVID-19 self-testing kit. Thanks to the collaboration with the Greek Enterprise Europe Network partner, PRAXI Network/FORTH, “Blokks Ltd” was able to increase its revenues by having a Greek SME sell their kit while introducing a high-demand and easy-to-use product to a new market.

Through the Recovery and Resilient Plan, the Commission is promoting support for innovative SMEs.

40. Concerning the negotiations on the next MFF and NGEU, and having regard to Article 312(4) TFEU, how has the Commission prepared for different scenarios in the field of research policy spending?

Commission's answer:

Article 312 TFEU allows the MFF for 2014-2020 to be extended. However, this does not extend the Research and Innovation Framework Programme, as the basic act sets out that Horizon 2020 comes to an end at the end of 2020.

Article 312 TFEU does allow for Horizon 2020 cost claims to continue to be reimbursed, but does not allow for further Work Programmes to be adopted.

The Commission considers that the priority should be to complete the adoption of the MFF and of the 2021 Budget. However, in a scenario where no agreement on the 2021 budget is found, the Commission will propose a new Draft Budget, taking into account the applicable MFF ceilings.

Questions on performance

In its Performance Report, the Court states that measuring the effectiveness of research and innovation is difficult, which is also reflected in a lack of good impact indicators. The Court further points out that some of the indicators are not very useful to measure whether programme performance is on track.

41. How does the Commission define performance in the area of research and development? What are the main problems with reporting on performance in this area?

Commission's answer:

The objectives and performance indicators for the Horizon 2020 programme are set out in Annex I of the Horizon 2020 Regulation and Annex II of the Council Decision establishing the Specific Programme implementing Horizon 2020 (see links below). These include indicators related to the management and implementation processes of the programme, e.g. time-to-grant, as well as indicators related to the results and impacts achieved, including scientific publications and patents.

Overall the biggest challenge to reporting on the performance of the Framework Programme is linked to the nature of research and innovation activities. It is a process which often produces results only in the very long term, and which cannot easily be attributed only to one funding source. The commercialisation, uptake or effective use of results from the Framework Programme may take 10 years or more, which makes it difficult to capture their contribution to wider scientific, economic and societal impacts in the short term. Therefore it is important to complete any reporting on performance indicators with contextual information and analysis. The performance reporting during and after the programme will be complemented and extended by the ex-post evaluation of Horizon 2020 to be performed in 2022-2023, including an analysis of the long-term effects of FP7.

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R1291&from=EN>

<https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013D0743&from=EN>

Under the broader work for the design of the performance framework for the EU Budget under the MFF 2021-27, work has been done and is ongoing for ensuring relevant information, high-quality indicators and cost-effective data collection. The performance information will include indicators of outputs and results for reporting on implementation, and impact indicators for linking spending to policy objectives and for contextualizing the information.

42. How will the Commission improve its indicators and its measuring of the performance of programmes?

Commission's answer:

The Commission has evaluated its approach to measuring the performance of the Framework Programme, and taken note of the comments of the European Court of

Auditors over the course of Horizon 2020, in designing an improved performance framework that can be seen in Article 45, 47 and Annex V of the proposal for Horizon Europe, based on its impact assessment.

This includes a differentiation between management and implementation data, and the annual monitoring of progress along nine Key Impact Pathways, reflecting Horizon Europe objectives. These Pathways will allow the telling of the story of the programme as a whole, given the common long term objectives and cross-linkages of the different actions. They focus on the most typical changes that are expected to occur in a short, medium and longer term as a result of the Programme activities to generate scientific, economic and/or societal impact - allowing for a more realistic assessment and communication of the progress made over time.

The Commission services have selected performance indicators that will serve for reporting on spending programmes, including for Horizon 2020. This small set of indicators will be markers for progress and achievements of the programme during the whole MFF programming period.

The data collection behind the Key Impact Pathways aims to minimise burden on beneficiaries and reinforce data quality, using more microdata on companies and researchers involved and links to external databases (publications, companies). This will also support the creation of control groups to assess the relative performance of these interventions compared to other programmes or actions, or compared to no action at all – and feed into programme's interim and ex-post evaluations.

The Horizon programme statement for the 2021 draft budget and the 2019 PPO are not balanced. The performance assessment of the Commission and the conclusions made focus almost solely on the programme's positive achievements and do not mention challenges, indicators showing less progress, or objectives unlikely to be achieved.

43. How does the Commission intend to solve this problem of optimistic approach as to giving realistic results?

Commission's answer:

The Commission takes notes of the Court's observations. Linked to the challenge raised in the reply to question 42, it is still difficult to assess the performance of Horizon 2020, and thus difficult to assess whether objectives are unlikely to be achieved, or whether it is an issue linked to the time lag between spending and results.

The performance indicators that will serve for reporting on spending programmes, will be markers for progress and achievements of the programme during the whole MFF programming period, in particular by defining meaningful baseline, milestones and targets those indicators will ensure reliable, realistic and credible information.

An assessment of the effectiveness of the programme in achieving its objectives and delivering scientific, economic and societal impact, will be delivered for the

ex-post evaluation of Horizon 2020 to be performed in 2022-2023, based on a mix of quantitative and qualitative analysis. This will include the identification of the long-term effects of the predecessor programme FP7.

44. Which measures does the Commission intend to take to ensure that the performance auditors are fully aware of all the rules and indicators related to Horizon?

Commission's answer:

The Commission does not employ performance auditors. However, it does assess project performance with its own services and also by contracting external experts.

The objectives and performance indicators for the Horizon 2020 programme are set out in Annex I of the Horizon 2020 Regulation and Annex II of the Council Decision establishing the Specific Programme implementing Horizon 2020 (see links below).

For Horizon Europe, the monitoring, indicators and evaluation frameworks are set out in Articles 45, 47 and Annex V, based on Horizon Europe impact assessment.

In addition to the usual annual reporting on performance through Annual Management and Performance Report (AMPR), Programme Statements and the Annual Activity Report (AAR), the Commission also provides public access to FP7 and Horizon 2020 monitoring data through the online Horizon Dashboard³, as well as in dedicated analytical Monitoring Flashes⁴. To complement the CORDIS⁵ platform presenting key project information, including public deliverables, the Horizon Results Platform⁶ has been launched in 2019 to allow participants to showcase targeted results for wider dissemination and exploitation.

Additional questions

45. The results show that research spending is still affected by material error, and the Commission itself estimates that the error rate for Horizon 2020 remains above the 2% materiality threshold. Which kind of measures are the Commission implementing to lower the material error in research?

Commission's answer:

The Common Implementation Centre (CIC) of DG Research & Innovation is currently developing a strategy to reduce the error rates. The main actions will be twofold. On one hand, the CIC will intensify communication and better target specific error-prone profiles via outreach online events in the form of webinars

³ <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/opportunities/projects-results;programCode=H2020>

⁴ https://ec.europa.eu/info/publications/horizon-2020-monitoring-flash_en

⁵ <https://cordis.europa.eu/projects/en>

⁶ <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/opportunities/horizon-results-platform>

(see question 4). On the other hand, the CIC has launched an internal exercise involving all R&I services of the European Commission to discuss, plan and develop enhanced ex-ante controls. The outcome of this exercise is expected to provide common good practices, guidance, training and documentation for both the participants and the Commission staff involved in the implementation of the programme(s).

In addition, the CIC, together with the R&I family will assess the broader use of simplified forms of funding in Horizon Europe.

46. The rules for declaring personnel costs under Horizon 2020 are complex despite efforts at simplification, and their calculation remains a major source of error in the cost claims. In almost all of the 23 cases listed, the hourly (or monthly) rate had been calculated incorrectly. How does the Commission plan to ensure that the hourly rate will be calculated correctly?

Commission's answer:

The Commission has developed and put at disposal of Horizon 2020 beneficiaries a *personnel costs wizard*, which is embedded in the on-line reporting tool. Beneficiaries only have to encode a set of basic data (e.g. salaries, hours worked on the action, options chosen) and the wizard automatically calculates the eligible personnel costs. Apart from ensuring the correctness of the mathematical calculations, the wizard also prevents beneficiaries from choosing ineligible combinations of options and adjusts the results, if necessary, to conform to the 'double-ceiling' rule. The wizard is, however, optional and most beneficiaries have been reluctant to use it. The Commission will continue promoting the tool with the objective of increasing the number of beneficiaries using it.

For the next Multi-Annual Financial Framework, which includes the Horizon Europe Programme, a single and simpler corporate approach for charging personnel costs will be introduced for all directly managed programmes of the Union. This approach aims at reducing the financial risks for beneficiaries whilst simplifying administration and auditing across programmes. The Commission proposal for Horizon Europe aims to simplify further the rules on personnel costs.

The Commission considers the single "annual hourly" rate based on the last closed financial year as one of the major simplifications introduced in Horizon 2020. However, it seems that despite carefully drafted conditions and clear instructions, errors did occur by beneficiaries in applying this method.

More specifically, under Horizon Europe, the personnel costs will be calculated on the basis of a daily rate formula. This calculation will be performed by calendar year and no longer by taking into account the last closed financial year, as in Horizon 2020.

47. Another error was the failure to respect the "double-ceiling" rule. How does the Commission simplify the rules on personnel costs under the next Research Framework Programme?

Commission's answer:

In Horizon Europe, there will be a single and streamlined corporate calculation

method for the personnel costs compared with Horizon 2020 (see question 37).

One of the features that will be removed is the mandatory use of the '*last closed financial year*', which proved to be a source of errors. It will be replaced by the more intuitive concept of '*calendar year*'. Another relevant change is the simplified time recording requirements. In Horizon Europe the eligible personnel costs will be based on the number of days worked on the project.

In this respect, the so-called – and complex to understand – 'double ceiling' rule will be simplified. Overall, beneficiaries will have in practice to control one ceiling instead of two, which will be a ceiling of days declared for all EU actions, per calendar year and for a given person.

48. As in previous years, the Court detected errors in direct costs relating to research expenditure. Such errors included, notably, the reimbursement of travel costs either unrelated to the audited EU project or not actually incurred. How would the Commission ensure that errors in direct costs will be tackled?

Commission's answer:

The Commission regrets that, in spite of clear provisions in the H2020 Grant Agreement, errors have been identified with regard to reimbursement of travel costs. However, the financial impact of these errors has been very limited.

Nevertheless, the Commission is continuing its communication campaigns to explain funding rules to beneficiaries, including those with regard to travel costs.

As part of the new outreach strategy and ex-ante controls exercise (see Q 4 and Q 45) the European Commission (EC) services will cover specific cost categories according to the error rate statistics. Direct costs other than personnel (e.g. travel reimbursement) will be covered in future planned outreach events and also as part of the discussions within the European Commission services for more efficient and consistent controls.

49. There are weaknesses in the documentation of audit work done, sampling consistency and reporting, as well as in the quality of the audit procedures in some of the files reviewed. How would the Commission ensure that the work of audit authorities in the field of research is sufficient?

Commission's answer:

The audit reports of the Commission are based on the principle of "reporting by exception", rather than providing a full description of each individual cost item, only audit findings (errors) need to be reported.

Consequently, in principle, audit files reflect and include only the material evidence (the audit working papers and its supporting documentation) of each error as a legal basis for further correction or recovery.

With regard to outsourced audits, the Commission has already intensified its guidance provided to the contracted firms, including on sampling methodology. In this respect, the quality of their audit files compared to the previous year has improved further.

50. Horizon 2020's effectiveness is linked to the results and impacts of the funded projects. There is a time-lag between the finalisation of a research project and the dissemination and exploitation of its results. The 2019 AMPR does not give an overview of the programme's effectiveness in the form of achievements. Why didn't the Commission include an evaluation of the programme's effectiveness in the 2019 AMPR?

Commission's answer:

See the answers to questions 41 to 43. The AMPR gives an overview of the achievement of the Programme based on the information available. A full view of the performance of Horizon 2020 will only be available some years after the end of the programme. The Programme Statement for the successor programme Horizon Europe and future editions and the AMPR will continue to give information on the performance of Horizon 2020 for several years after the end of the programme. Although performance indicators could monitor implementation and direct results, the impacts of programme could only be fully assessed ex post through evaluation work.

The interim evaluation completed in 2017 focussed on the relevance of the objectives pursued by Horizon 2020, the coherence of the support provided and the implementation processes at play. It also used econometric modelling to estimate longer term impacts on jobs and growth. In line with Horizon 2020 Regulations, the ex-post evaluation of the programme is due by end 2023 and will focus on the rationale, implementation and achievements, as well as the longer-term impacts and sustainability of the measures.

51. The AMPR addresses the performance only in a very general manner. It does for instance not deal with the programmes separately. Information on Horizon 2020's performance is limited to examples of successful projects, and interpretation of indicator data is not given. How would the Commission ensure that the performance of the programmes is assessed in detail in the AMPR?

Commission's answer:

The 2019 edition of the Annual Management and Performance report addresses this concern to a great extent. The new structure of the report contains a broad summary of policy achievements (section 1) but also a specific assessment of each individual programme's performance in its annex I.

Further details on the performance of the different programme parts are provided in the interim evaluation of Horizon 2020 (2017), as well as on the Horizon Dashboard. Some instruments and parts of the Framework Programme have indeed a stronger focus on advancing science, while others focus more on supporting innovative companies or finding solutions to pressing challenges, e.g. for the environment, health, energy consumption, mobility, etc.

However, as pointed out by the European Court of Auditors, projects often deliver on multiple objectives in parallel, and this might lead to underreporting of the Union's contribution to some research fields. Past evaluations also showed that

environmental research often has an impact on health or energy efficiency and European Research Council blue-sky research can help solve pressing climate issues. Most of the patenting activities and business creation in the first years of Horizon 2020 came from the ERC Proof of concept scheme. Therefore the ex-post evaluation of Horizon 2020 and the future monitoring and evaluation framework of Horizon Europe will go beyond individual programme parts to also capture the scientific, economic and societal impact of the programme as a whole.

52. The EU Youth Orchestra, by taking account of its specific features, has been recognised by the Commission as a ‘body identified by a basic act’. To ensure sustainable support for the orchestra, an exceptional long-term funding scheme has been set up. EUYO benefits from support from both the Culture Sub-programme and the Cross-Sectoral Strand of the Creative Europe Programme. Does the Commission consider that one particular orchestra should receive such tailor-made funding, and under what terms?

Commission's answer:

The European Union Youth Orchestra (EUYO), with its unique history (it was set up by an EP declaration in 1976), position and structure, delivers career opportunities for high quality young artists from all Member States in a widely recognised way. Through the yearly applications and reports, the Commission closely monitors its activities, in particular with a view to ensuring its inclusive approach, innovative action as well as for its broadest possible audience reach. In its proposal for the future Creative Europe programme, the Commission has proposed to include the EUYO as a designated body – the decision on whether it will remain a designated body will be taken by the co-legislator.

The Commission aims, in particular, at encouraging the Orchestra to diversify its income resources to make it ever more independent of EU funding. In 2019, the Commission grant represented 26.01% of the EUYO overall budget (total budget 2 538 334.99 EUR). Member States’ contributions corresponded to 650 000 EUR in total (25.61%). Other funds stem from private sources and foundations. The annual reports show that the annual grants are spent in a transparent and proportionate way.

53. What method does the Commission use in order to check the spending of the European Capitals of Culture, both in terms of effectiveness and compliance with EUCOC’s mission?

Commission's answer:

Most of the funding of European Capitals of Culture comes from local, regional and national authorities, as well as from private sponsorship. The Commission does not check the spending of European Capitals of Culture coming from these sources.

The only direct funding coming from the EU budget to the cities holding the title is the EUR 1.5 million Melina Mercouri Prize. It represents a very small proportion of the overall operational expenditure of European Capitals of Culture.

The award and payment of the Prize is governed by Article 14 of Decision

445/2014/EU of the European Parliament and of the Council, while the funding comes from Creative Europe. The award and payment of the Prize are decided by the Commission on the basis of the selection and monitoring reports produced by the Expert panel that carries out the selection and monitoring procedures of the ECOC action according to Article 6 of the above-mentioned Decision.

The Prize is paid in the first three months of the ECOC title-year as a recognition of excellency of the work done by title-holders in preparing their title-years. It is not connected to any specific activity. Up until the 2019 titles, external evaluations are carried out by the Commission on all ECOCs. From the 2020 titles onwards, it is the task of the cities themselves to carry out such ex post evaluation but the Commission will still perform an evaluation every five years in addition to this.

More information and links to past evaluations can be found here: https://ec.europa.eu/programmes/creative-europe/actions/capitals-culture_en

54. Several errors are due to the lack of awareness of the Horizon 2020 rules. The Commission addresses this issue by providing enhanced information campaigns and trainings. Could the Commission please provide a list of trainings organized in 2019 in this regard? How does the Commission measure the impact of these trainings?

Commission's answer:

In 2019, the Common Implementation Centre (CIC) of DG Research & Innovation offered physical training sessions via the NCP network, to Member States and Associated Countries. Sixteen events have been organised in the course of this year in the following countries: Belgium, Bulgaria, Iceland, Latvia, Slovakia, Czech Republic, North Macedonia, Germany, Austria, Poland, Italy, Montenegro, Hungary, Finland, Denmark & Romania. In addition, the CIC has organised 4 'Coordinator days', 2 on Grant Agreement Preparation and 2 on Amendments and Reporting, with a total participation of 7214 and 12980 respectively. All these trainings have covered the "most common errors", explaining and guiding participants on how to properly declare their costs. As per Q 4, the new outreach strategy of the CIC is expected to intensify this training and cover a much wider audience via online webinars addressed to all participants. Physical events per country will be either discontinued or only held exceptionally.

55. The Court noted weaknesses in the quality of audit procedures and audits performed by external auditors, which is often related to erroneous interpretation of several Horizon 2020 rules. What control mechanisms are in place in order to avoid errors in auditing related to the interpretation of rules? How does the Commission support outsourced auditors to avoid errors and ensure the quality of the audit?

Commission's answer:

The Commission has well-established procedures of internal quality review to ensure legal consistency of audit findings. If needed, legal advice by Commission lawyers is provided to auditors.

With regard to outsourced audits, the Commission has already intensified its guidance provided to the contracted firms, including on sampling methodology. In this respect, the quality of their audit files compared to the previous year has improved.

56. During the 2018 discharge procedure, the Parliament expressed its concern about the imbalanced allocation of funds to researchers across Member States via Horizon 2020. How did the situation improve in 2019?

Commission's answer:

The European Research Council (ERC) is an instrument specifically designed for competition between individual researchers and based on scientific excellence only. Its mission is to encourage European science competition at all levels. The results of the ERC competitions show that ERC grants are concentrated in top research institutions, located in countries with high research intensity. The ERC concentration of grants can be described as high, but it is not extreme: while **40%** of ERC grants were awarded to researchers at the top 30 European Host Institutions, the other **60%** of them went to a further 600+ research institutions, over 200 of which host only one ERC grant. The Commission sees this as evidence that the ERC can indeed recognise excellence wherever it is. The degree of concentration has not varied significantly during Horizon 2020.

The relative share of ERC grants in a given country relates to country's size, economy, level of research investments, and the quality of the research produced. Population is obviously a factor. Not surprisingly very small countries in terms of population tend to have few grants. More important variables are the level of economic development of the country and the overall R&D investments. The number of ERC grants in the country correlates Gross Domestic Product (GDP) and the Gross Domestic Expenditure on R&D (GERD) of the country (almost 0.85 for both variables). However, the most important variable is the quality of research produced by researchers in a given country. There is an almost perfect correlation between number of highly cited scientific publications produced in a country and the number of ERC grants based in the country (0.97).

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