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## Special Report No 28/2018:

The majority of simplification measures brought into Horizon 2020 have made life easier for beneficiaries, but opportunities to improve still exist



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**Why did we do this audit?**



**What questions did we ask?**



**How we carried out the audit?**



**What did we find?**



**What do we recommend?**



# Why did we do this audit?

- H2020 reflects the cross-cutting nature of research and innovation across a wide range of EU policies. Nine Directorates General of the Commission manage the programme, while 22 different bodies implement the H2020 budget.
- Long-standing criticism of previous FP, notably its complicated procedures, leading to administrative burden for beneficiaries (*inter alia* discouraging SME participation, or requiring consultants' assistance) and persistently high error rates (according to both the Commission's audits and the ECA's SoA).
- So there is a demand for simplification and we wanted to assess the Commission's measures to achieve this in the H2020 regulatory package.
- Our audit was intended to be a contribution to the preparation of the next research and innovation framework programme (Horizon Europe).



# What questions did we ask?

## Have the Horizon 2020 simplification measures taken by the Commission been effective in reducing the administrative burden of beneficiaries?

1. Was the design of the simplification measures based on previous evaluations and feedback from stakeholders?
2. Are beneficiaries satisfied that the measures implemented have reduced their administrative burden?
3. Has the simplification had any negative impact on the effective functioning of Horizon 2020?
4. Have any opportunities for simplification been missed?



# How we carried out the audit? – Audit approach

- We examined information from a wide range of sources :
  - ✓ We reviewed and analysed legal bases, guidelines, evaluation and monitoring reports, position papers and other documentation with a bearing on simplification;
  - ✓ We discussed the simplification measures with the relevant Commission departments and representatives of three umbrella organisations; we also attended a meeting of the national contact points and a stakeholders' meeting organised by the Common Support Centre.
- We sent an online survey to 32 918 contacts from 20 797 organisations granted Horizon 2020 funding. We received a very good response rate. The survey covered the period from the start of the programme in 2014 to January 2018 and was thus able to garner opinions of both the application and the reporting phases. Survey responses as multiple choice, plus thousands of free text comments (some of which LOL, luckily anonymous!!).
- We validated the survey results through meetings with eight final beneficiaries (two SMEs, two universities, one large private enterprise and three RTOs).



# What did we find?

## Overall conclusion

The majority of simplification measures taken by the Commission have been effective in reducing the administrative burden for beneficiaries in Horizon 2020, although not all actions produced the desired result and opportunities to improve still exist.



# What did we find?

## Our observations (1)

- The Commission drew on its experience of previous programmes to identify which simplification measures were needed (para 117);
- The Common Support Centre is a major step towards coherent implementation of Horizon 2020 (para 117);
- Beneficiaries appreciate the communication and feedback channels but some still report inconsistent treatment and varying levels of service (para 118-119);
- The Participant Portal simplifies grant management for beneficiaries and Commission guidance (AMGA) is comprehensive but can be difficult to use (para 120);



# What did we find?

## Our observations (2)

- New initiatives with potential for simplification have not yet been fully tested and evaluated (lump sums, cascade funding) (para 121). The delays mean that it is probably too late for lump sums to be widely deployed for the remainder of H2020. The flat rate for indirect costs was almost unanimously appreciated: calculation and reporting much simpler;
- Obtaining a grant is faster but opportunities to reduce administrative burden have not been fully exploited (eg wider use of the two-stage approach, para 124).
- Quality of evaluations is a concern and feedback to unsuccessful applicants needs to be improved (para 125);
- The Seal of Excellence has not met expectations (para 126).





# What did we find?

## Our observations (3)

- The rules on personnel costs were simplified, but some changes have created further confusion for beneficiaries and **personnel costs remain the principal source of error** (para 127). In particular we encountered negative views on the use of unit costs for the calculation of average personnel costs (complicated and time needed to get approval).
- The audit burden has decreased but beneficiaries face inconsistent treatment in outsourced *ex post* audits (paras 107 and 128).
- SME participation has increased but barriers remain (para 129).



# *Recommendation 1: Better communication with applicants and beneficiaries*

The Commission should improve its channels for communication with grant applicants and beneficiaries by:

- Establishing better procedures and controls with regard to the performance of the helpdesk functions, and in particular of RES, and raising awareness of the tools through which beneficiaries can report inconsistent treatment during the application process or during the implementation of their projects.
- Resolving the remaining technical issues affecting the Participant Portal, improving its design and facilitating navigation and the search function.
- Work with Member States to improve the methodological and technical guidance to the NCPs so that they provide the necessary quality of service to potential beneficiaries .



## *Recommendation 2: Intensify testing of lump sums*

The Commission should step up the testing of simplified cost options, and in particular lump sums, by:

- Analysing and reporting on the outcome of the calls already launched under Horizon 2020 as soon as the first results are available.
- Launching new pilot initiatives on a larger scale to identify the most suitable types of project, identify any undesirable effects and design appropriate remedies.



## *Recommendation 3: Explore greater use of two-stage proposal evaluations*

- The Commission should identify a greater number of topics where the use of two-stage proposal evaluations could reduce the administrative burden for unsuccessful applicants, while maintaining the shortest possible time to grant where speed in reaching the market is critical.



## *Recommendation 4: Re-examine remuneration conditions for expert evaluators*

- The Commission should update the daily remuneration rate and reassess the time needed for experts to carry out reliable evaluations of project proposals.



# *Recommendation 5: Increase recognition of the Seal of Excellence*

The Commission should:

- Establish proper mechanisms in the design of the next Framework Programme to facilitate the recognition of excellent research projects by the various EU and national funding schemes;
- Work to build synergies between programmes so as to increase the likelihood that projects awarded the Seal of Excellence can more easily access other funding sources;
- Produce appropriate guidance on how to use the Seal of Excellence.



## *Recommendation 6: Stability for rules and guidance for participants*

The Commission should:

- Maintain continuity in the rules for participation between Framework Programmes wherever possible;
- Minimise adjustments to the guidance during implementation of the Framework Programme;
- Simplify time-sheets to avoid unnecessary reporting of effort by work package;
- Explore the possibility of more widely accepting the usual cost accounting practices, notably for personnel costs.



## *Recommendation 7: Improve quality of outsourced ex-post audits*

The Commission should:

- Improve its mechanisms for examining the quality of outsourced *ex post* audits, and;
- Speed up such audits.





## *Recommendation 8: Further simplify tools and guidance for SMEs*

- The Commission should further simplify its tools and guidance in such a way that they impose a minimal burden on SMEs, and especially on start-ups without the resources and staff to deal with their complexity. In particular, the Commission should consider issuing an abridged version of the guidance (AMGA) for SMEs and newcomers

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for your attention!**

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