



# Annual Activity Report 2024

EUROPEAN INNOVATION COUNCIL AND  
SMEs EXECUTIVE AGENCY (EISMEA)

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## THE AGENCY IN BRIEF

The European Innovation Council and Small and Medium-sized Enterprises Executive Agency (EISMEA) was established on 1 April 2021 <sup>(1)</sup>. With a focus on innovation and the single market, it creates strong synergies to support the recovery, strengthening and twin transition of the European economy. The agency has been entrusted with the implementation of the following (parts of) Union programmes:

- Horizon Europe, pillar III: the European Innovation Council (EIC) and European Innovation Ecosystems (EIE);
- European Regional Development Fund: Interregional Innovation Investments (I3) Instrument;
- Single Market Programme: SME Pillar; Internal market; support to standardisation; and Consumer protection Pillar.

By implementing these programmes and the specific delegated tasks <sup>(2)</sup>, the Agency contributes to reaching the European Commission's objectives of a European Green Deal and a Europe fit for the digital age, hence contributing to its open strategic autonomy.

EISMEA's mission is to provide high quality support to European innovators, researchers, businesses, regions and consumers. The agency aims to reinforce the European Union's position as a global leader in Research and Innovation, strengthen its Single Market, open up opportunities for SMEs and maintain high standards of protection for its citizens towards a more competitive, digital, green and inclusive EU. Its work is underpinned by six core values: client orientation, excellence, innovation, integrity, respect and transparency.

The Agency has its own administrative budget for which it receives from the EU an annual subsidy. The administrative budget covers the running costs of the Agency, staff expenditure, office related costs, IT and other services. EISMEA's Director is the authorising officer (AO) for this budget.

EISMEA operates under the control of the Commission: it reports to the Directors-General of the parent Directorates-General (DGs) and to the Steering Committee, on the performance of the tasks assigned to the Agency. EISMEA implements delegated tasks in close cooperation with its five parent DGs <sup>(3)</sup>.

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<sup>(1)</sup> COMMISSION IMPLEMENTING DECISION (EU) 2021/173 of 12 February 2021

<sup>(2)</sup> As outlined in Article 4 and annexes of Commission Decision C(2021)949 final

<sup>(3)</sup> DG Research and Innovation (DG RTD), DG Communications Networks Content and Technology (DG CONNECT), DG Internal Market, Industry, Entrepreneurship and SMEs (DG GROW), DG Justice and Consumers (DG JUST), and DG Regional and Urban Policy (DG REGIO)

### EISMEA IN NUMBERS



**Established**  
1 April 2021



**Mandate**  
2021-2028



**5 Parent DGs**  
RTD, CNECT, GROW, REGIO, JUST

Implements parts of **3 programmes**:

- **Horizon Europe**: European Innovation Council (EIC) and European Innovation Ecosystems (EIE)
- **Single Market Programme (SMP)**: Consumer Objective, SME Pillar and Internal Market & Support to Standardisation
- **European Regional Development (ERDF)**: Interregional Innovation Investments (I3) Instrument

#### ► Responsible for **managing**:

2250 projects  
EUR 1.3 billion of EU funds

#### ► Responsible for **selecting**:

139 companies that will receive  
up to EUR 1.37 billion of investments



### SUPPORTING UKRAINIAN BUSINESS & INNOVATION

#### European Innovation Council:

**20M in grants**  
more than **173** Ukrainian Tech



#### Enterprise Europe Network:

**helped around 200 Ukrainian SMEs**  
integrate into the single market



#### Erasmus for Young Entrepreneurs:

**180 Ukrainian new entrepreneurs**  
to join exchange scheme



#### Translation of harmonised standards into Ukrainian



### OUR WORKING ENVIRONMENT



**353**  
staff



**41%**  
men



**59%**  
women



Average  
age **47**



**25**  
nationalities



Talent programme  
for all



Renewed management  
charter



New career development  
opportunities

**SUPPORTING  
OUR STAFF**



Coaching & mentoring



Regular dialogues with top officials

## EXECUTIVE SUMMARY

This annual activity report is a management report of the Director of EISMEA to the College of Commissioners. Annual activity reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties <sup>(4)</sup>.

### A. Implementation of the Agency's Annual Work Programme – Highlights of the year

In 2024, EISMEA delivered crucial support towards the development and scaling up of SMEs with breakthrough and disruptive technologies, supporting key policy priorities of the Commission.

As part of the [Commission's response to Russia's war of aggression against Ukraine](#), EISMEA took action across its programmes to enable the continuation of Ukrainian business and innovation. Notably, the [EIC Seeds of Bravery project](#) supported more than 170 Ukrainian innovative tech start-ups with funding, mentoring, training and access to industry events. To help ensure Ukrainian access to the Single Market, [Erasmus for Young Entrepreneurs](#) continued to provide tailored support to Ukrainian new entrepreneurs, the Enterprise Europe Network (EEN) provided grants to Ukrainian SMEs to support their market entry, and EISMEA supported the translation of harmonised standards into Ukrainian.

Reinforcing the Commission's [REPowerEU Plan](#), EIC Accelerator and Pathfinder launched Challenges to stimulate innovation in areas such as renewable energy sources, "Solar-to-X" devices, nano and electronics for energy-efficient smart edge devices. EEN organisations continued supporting SMEs in their [efforts to improve their energy efficiency](#) - offering direct financial support to eligible SMEs of up to EUR 10 000.

Supporting the Commission's [New European Innovation Agenda](#) (NEIA), EISMEA saw the EU's first Regional Innovation Valleys (supported by European Innovation Ecosystems and the I3 instrument) officially began their work to harness innovation potential, connect innovative regions and address social challenges through cutting edge technology.

Complementing EISMEA's programme implementation, the EIC's ten Programme Managers provided hands-on support to EIC projects and shared their expertise on emerging trends through [publications](#) and tailored workshops for relevant Commission services, providing an important source of knowledge to help inform policymaking for the years to come.

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<sup>(4)</sup> Article 17(1) of the Treaty on European Union.  
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EISMEA ensured high levels of visibility for its programmes throughout the year. The EIC maintained a strong presence at [major deep-tech events](#) worldwide, where its successful



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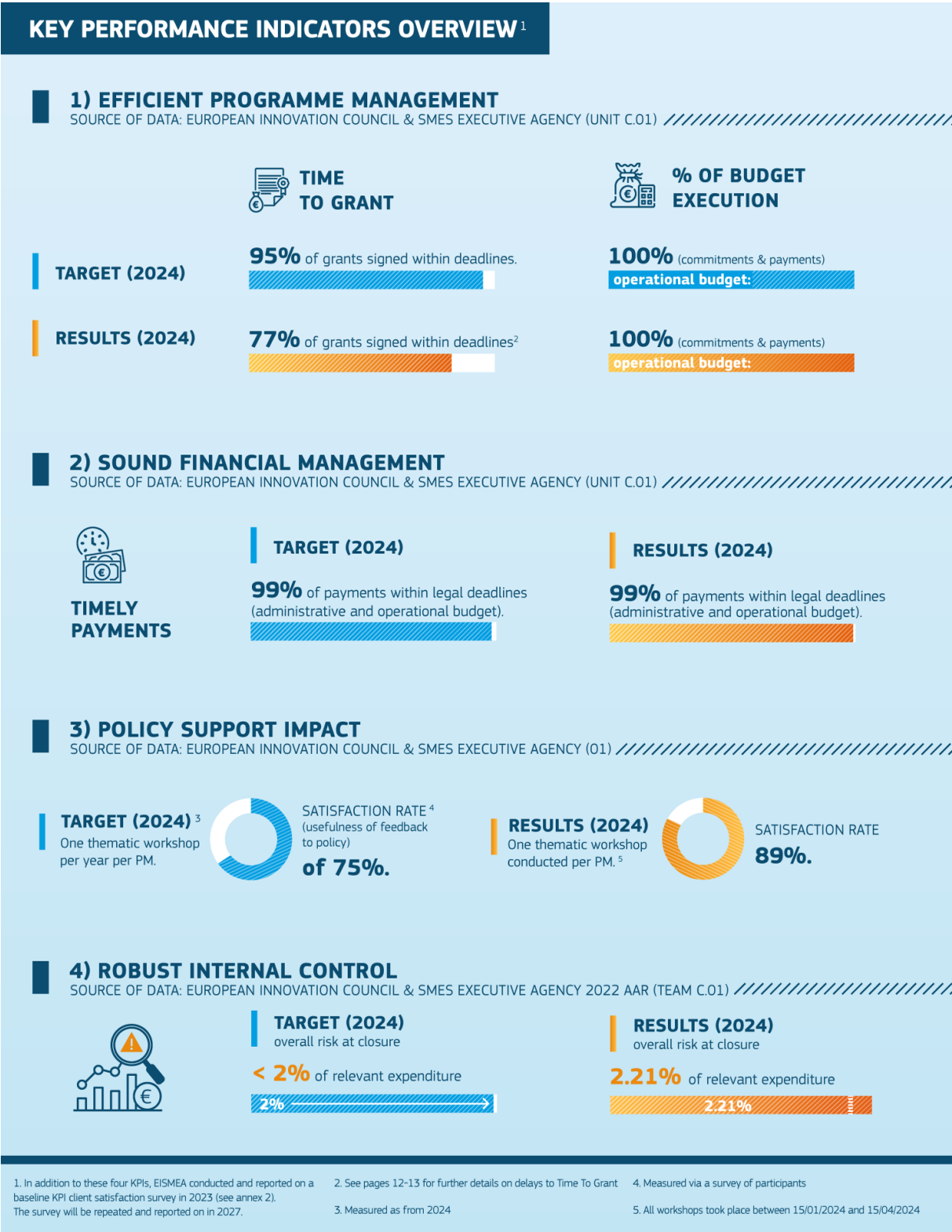
beneficiaries attracted [international recognition](#). Flagship events such as the EIC Summit as well as local info days attracted high numbers of participants, demonstrating continued enthusiasm for the programme across the EU.

Under the Single Market Programme the Enterprise Europe Annual Conference, SME Assembly and European Cluster Conference continued to attract high numbers of participants, showing a continued interest from SMEs to boost their competitiveness and sustainability. EISMEA also supported the organisation of the high-level Consumer Summit where participants helped to shape the EU consumer policy priorities and actions for the next Commission mandate and the future 2030 Consumer Agenda.



© European Union 2024. EEN Annual Conference, Budapest

B. Key performance indicators





## C. Key conclusions on internal control and financial management (executive summary of section 2)

EISMEA has systematically examined the available control results and indicators, as well as the observations and recommendations issued by the Internal Audit Service and the European Court of Auditors. These elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives. Please refer to Section 2 for further details.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated. Some improvements are needed as minor deficiencies were identified related to internal control principles 7, 9, 10, 12 & 14. Please refer to section 2.3 for further details. The Director, in his capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance.

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

In the context of the regular meetings during the year between the Director and the parent DG(s) on management matters, the main elements of this report and assurance declaration, have been brought to the attention of the agency's Steering Committee and to the parent DG(s) Director(s) General.

# 1. Implementation of the Agency's Annual Work Programme – Highlights of the year

The Agency's 2024 Annual Work programme (AWP) was adopted by European Commission on 30 May 2024 and by the Agency's Steering Committee on 21 June 2024. The work programme lists the main activities and outputs of the Agency that contribute to the achievement of the objectives as defined by its parent DGs. Key achievements under the different programmes delegated to the Agency are highlighted below. The reliability of the performance information is ensured in line with the European Commission's corporate criteria on the reliability of performance information, which includes the principles established in the 'Data governance and data policies at the European Commission' and the memoranda of understanding established between EISMEA and its parent DGs. Controls in this regard did not reveal any significant issues. Exhaustive reporting on the achievement of the targets as planned in the AWP can be found in annex 2.

In 2024, the agency contributed to the Commission's commitment to rationalise reporting requirements and reduce them by 25% through increased use of lumpsums (reducing reporting requirements of beneficiaries) and the use of dashboards to provide easier access to key data (see EIC other actions below). EISMEA also provided suggestions to the Commission how the implementation of the programmes and the burden on beneficiaries could be reduced with a view to further reducing requirements in future years.

## Horizon Europe

As part of the Horizon Europe – the EU's research and innovation framework programme – pillar 3 (Innovative Europe), the agency implements actions under **European Innovation Council** and **European Innovation Ecosystems**.

By implementing these actions EISMEA supports the development and scaling-up of SMEs with breakthrough and disruptive technologies and helps make sure that Europe's open strategic autonomy is ensured in critical technology areas. It also helps to create an ecosystem where innovative solutions can be created and supported in their growth. As such, EISMEA contributes to the European Commission's objectives of A Europe fit for the Digital Age and An Economy that Works for People.

## European Innovation Council (EIC)

The EIC aims to support the rapid scale up of innovative technologies and companies (mainly start-ups and SMEs) at EU and international level. It is organised into three main funding schemes: the **EIC Pathfinder** for advanced research to develop the scientific basis to underpin breakthrough technologies; the **EIC Transition** to validate and test technologies and plan a pathway to market; and the **EIC Accelerator** to help companies bring their innovations to market and scale up. The financial support is complemented with access to

**Business Acceleration Services (BAS).** In addition, **EIC prizes** and other related actions, provide complementary support to promising innovators.

## EIC Programme Managers

[EIC Programme Managers](#) (PMs) are responsible for developing visions for technological and innovation breakthroughs, the active management of portfolios of EIC funded projects to support these visions and bringing together stakeholders to put these visions into reality.

Four new Programme Managers arrived in 2024 to replace outgoing colleagues and ensure continuity and expertise in critical domains: [Orsolya Symmons](#) for biotechnology and pharmaceuticals, [Federica Zanca](#) for medical imaging and AI in healthcare; [Paolo Bondavalli](#), for Energy systems and green technologies; and [Hedi Karray](#) for Artificial Intelligence.

Progress of the ten PMs included:

- Raising awareness and promoting the EIC [Pathfinder](#) and [Accelerator](#) 2024 Challenges at two info days, and participating in community building events including the [Future of Solar-to-X](#), focusing on renewable resources.
- Developing the 2025 [Pathfinder](#) and [Accelerator](#) Challenges ensuring that the programme remains at the forefront of innovation and addresses emerging trends and opportunities.
- Providing [proactive portfolio management](#) for 16 Pathfinder Challenges from the 2021, 2022 and 2023 Work Programmes. Their portfolio strategic plans highlighted progress made in portfolio activities and informed future decision-making.
- Participating in selection panels and juries for Pathfinder, Transition, and Accelerator topics from WP 2024, advising the selection and evaluation teams.
- Providing ten feedback to policy workshops, contributing to the [EIC Tech Report 2024](#), and producing ten annual activity reports showcasing current EIC projects and portfolios.
- PMs boosted efforts to develop novel, cross-disciplinary activities across portfolios. To help ensure stronger Intellectual Property (IP) protection, they developed an Intellectual Property cartography methodology with the European Patent Office. It was applied first for the DNA Storage portfolio of projects, and will now be applied to the Quantum Technology portfolio.

## EIC Pathfinder

The [EIC Pathfinder](#) offers grants to achieve proof of principle and validate the scientific basis of breakthrough technology.

**Call management:** EISMEA successfully launched the Pathfinder Challenges call focused on: “Solar-to-X” devices, towards cement and concrete as a carbon sink, nature inspired alternatives for food packaging and films, nanoelectronics for energy-efficient smart edge devices, and protecting EU space infrastructure. The evaluation of 415 submitted proposals

is on schedule to be finalised in March 2025. The work of the selected projects will help ensure Europe's open strategic autonomy in these critical technology areas.

Almost 1120 proposals were evaluated under the 2024 EIC Pathfinder Open call, leading to 45 proposals being selected. In addition, the Horizon Europe **Hop-on Facility** which aims to add participants from widening countries, brought 20 new consortium members to Pathfinder projects.

95 Horizon Europe Pathfinder grants were signed in 2024. For about 24 of the proposals, the time to grant deadline of eight months was exceeded. Delays were mainly due to complexity of the action, late signature by the consortium, unforeseen changes in the consortium and lack of resources in the unit.

### EIC Transition

The [EIC Transition](#) funds innovation activities that go beyond the experimental proof of principle in laboratory.

**Call management:** In 2024 the scope of eligible applicants for the Transition Open call was widened for the first time, resulting in more than 400 submitted proposals - the highest number received in a single cut off. Of these, [40 were selected for funding](#). The main sectors covered were health and biotech (27%), MedTech (27%), ICT and Engineering (25%) and Energy, Climate, AgriFood and Environment (13%). The 40 Transition projects will work on ensuring that Europe's open strategic autonomy is ensured in critical technology areas such as Quantum, AI and green technologies.

The EUR 6 million [Booster](#) Coordination and Support Action (CSA) call was evaluated and signed in 2024. From January 2025, it will provide booster grants (additional financial support) of EUR 50 000 to selected projects over a two-year period, building on the successful signature of 13 booster grants in 2024.

Unlocking the full potential of genetic diversity	Accelerating breeding to ensure future food security	Providing a sustainable solution for all major crops
		
<ul style="list-style-type: none"><li>▪ Drought tolerance</li><li>▪ Heat tolerance</li><li>▪ Pathogen resistance</li><li>▪ Yield stability</li></ul>	<ul style="list-style-type: none"><li>▪ Shorten breeding cycles by &gt;50%</li><li>▪ Increase of annual breeding progress</li></ul>	<ul style="list-style-type: none"><li>▪ In line with the EU sustainability objectives</li><li>▪ Applicable to all agricultural crops</li></ul>

**Programme management:**

Beneficiaries of Transition projects are attracting significant capital even at their early stage of development. This helps create a significant competitive advantage for the EU by accelerating the innovation cycle and chances of success.

**Supporting the transition towards sustainable, inclusive food systems**

EIC Transition project [3P-Tec](#) is using technology to improve the climate robustness and pest resistance of plants. Classified as “[Market Ready](#)” by the Innovation Radar, and benefitting from the EIC’s [Business Acceleration Services](#), the project’s team of researchers are looking to internationalise and extend their reach to Africa.

## EIC Accelerator

[EIC Accelerator](#) funding and support are designed to de-risk high innovative companies, enabling innovators to attract the full investment amounts needed for scale up in a shorter timeframe.

**Call management:** EISMEA successfully launched the 2024 EIC Accelerator calls. They attracted more than 2000 full proposals of which 110 were selected for funding. In total, EUR 265 million was allocated in grants and EUR 724 million in equity investment.

2024 saw improvements to the quality of the EIC Accelerator evaluation process. Notably, the criteria to succeed in the short proposal phase became more selective, leading to a reduction of applications to the full proposal phase. In addition, the Agency added a step of consensus meetings for proposals that had 2 out of 3 positive opinions during the full proposal phase. While this additional step has strengthened the quality of the proposals arriving to the interview phase, it has slowed the remote evaluation process. As a result, the time to inform applicants is slightly longer than the 60 days target (64.5 days on average).

**Programme management:** Two major changes were introduced in 2024. Firstly, the EIC Accelerator introduced the use of lump sums which triggered specific implementation adjustments. Secondly, the introduction of the economic security measures established new procedures including an ownership of control assessment for quantum/AI applicants, and the screening of proposals subject to additional investment measures to protect the EU’s interests. These are some of the main changes that led to a delay in the Time to Grant: an average of 7,8 months for 85% of the grants (higher than the target of 6 months).

EISMEA has continued to work on strengthening the coordination of the grant and investment component. Activities included:

- Contracting experts and coordinating 183 Tech Due Diligence reports
- Assigning 153 companies to the EIC Fund Investment Adviser (EIB)
- Briefing European Commission observers on the EICF Advisory Committee (39 briefings)
- Providing information on around 100 projects
- Providing administrative support for Single Award Decision approvals.

## EIC Prizes

[EIC Prizes](#) are a powerful tool to support and foster innovation. They engage with citizens by recognising innovators from the different angles of the ecosystems. In 2024, EISMEA successfully launched all planned competitions:



The [European Capital of Innovation Awards \(iCapital\)](#) took place at the Web Summit in Lisbon, Portugal in November 2024. **Turin, Italy**, was named the winner, receiving EUR 1 million for its successful blend of modernisation and heritage preservation. **Braga, Portugal**, won the Rising Innovative City category. The awards highlight the importance of cities in driving Europe's progress through innovation.

Three prizes will be awarded in the first half of 2025:

The [EU Prize for Women Innovators](#) (flagship 4 of the New European Innovation Agenda, NEIA) recognises talented female entrepreneurs who have started successful businesses and introduced innovative products to the market. By the deadline of 25 September 2024, the prize had attracted 235 applications.

The [European Innovation Procurement Awards](#) (flagship 2 of NEIA) recognise organisations that use innovative methods to buy new products and services. A record 45 applications were received for this edition, showing a growing commitment to using procurement to drive innovation.

The [European Social Innovation Competition](#) seeks to find innovative solutions to social challenges in Europe, promoting sustainable and inclusive growth. It will support and reward the best ideas that achieve this goal focusing on social innovation in 'Digital Democracy'. The competition attracted a record number of 88 applications.

## EIC Community and Business Acceleration Services

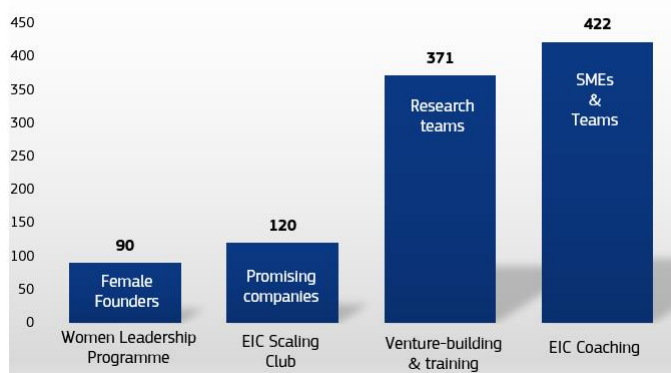
The EIC's [Business Acceleration Services \(BAS\)](#) provide EIC Awardees and other eligible organisations with services to help bring their innovations to the market and grow their businesses. In 2024 the agency further stimulated the uptake of services by offering, as of November, [financial support to cover up to 50% of the costs for EIC beneficiaries](#).



EISMEA launched a new [Innovation Procurement Partnership programme](#) to provide EIC beneficiaries with services to enhance their capabilities to take part in innovation procurement bids and [financial support for pilots between EIC beneficiaries and public and private procurers](#). A new [Corporate Partnership Programme 3.0](#) contract signed in March, enabled EIC beneficiaries to connect with corporates such as Galp, Vattenfall and Holcim. The [EIC investor readiness and outreach programme](#) organised nine investor pitching events and 15 investor dinners, supporting the set-up of the [Trusted Investors Network](#).

EISMEA brought a total of 75 companies to 5 trade fairs: Consumer Electronics Show (CES) in Las Vegas, Mobile World Congress in Barcelona, Bio Convention in San Diego, Medica in Dusseldorf and Gitex in Dubai. In addition, 40 companies joined EIC soft-landing missions in Silicon Valley and a pilot mission in Singapore.

EIC BAS TRAINING IN NUMBERS



In 2024, BAS venture building and training activities included 16 entrepreneurs in residence who were deployed to set up a company or ensure a first funding round. While the EIC coaching scheme served fewer than expected SMEs and teams, 90 female founders and scientists benefitted from the EIC [Women Leadership programme](#) and 120 promising companies – in line with the [STEP](#) strategic domains –received scale

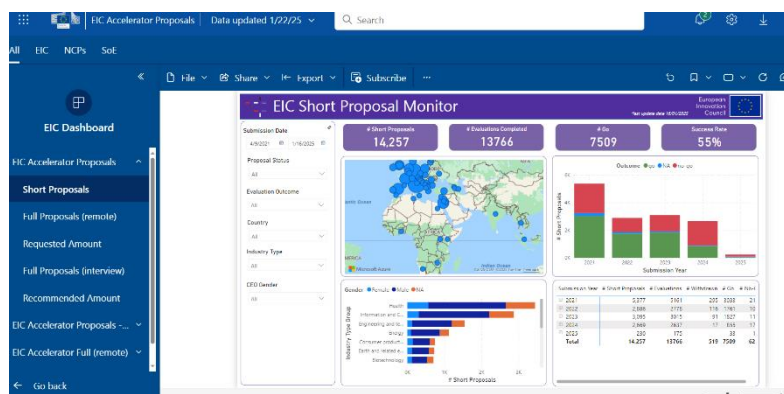
up support through the [EIC Scaling Club](#) (part of the actions of the New European Innovation Agenda).

## Other EIC Actions

To support the EIC's core activities, the agency launched public procurement actions, expert contracts, and grants in number of areas. Key actions for 2024 included:

Using **foresight and anticipatory data-driven intelligence** to create and manage evidence-based knowledge. This included the monitoring of disruptive innovations and breakthrough technologies in collaboration with DG RTD and JRC, as well as conducting data and analytical studies via third-party contractors and external experts. This information directly supported the work of Programme Managers as well as the development of publications such as the [EIC Impact Report](#) and [EIC Tech Report](#).

Advancing **the EIC data management and IT system** to ensure scalability, performance, and robustness, aligning with the overall goal of integrating seamlessly with corporate Horizon Europe data and IT systems. Key achievements included National Contact Point (NCP) Dashboard, Automated Reporting for the EIC Programme Committee, Policy and Thematic Insights through Taxonomy **EIC Dashboard for NCPs** Integration; Time-to-Grant Reports; EIC Board KPI Reports and Country Factsheets.



In 2024, the **Seeds of Bravery project supported Ukrainian deep-tech startups** through two Open Calls. By the end of the year, close to 1,100 proposals had been submitted with 173 selected for funding. In addition to the grants, the projects receive non-financial support, including mentoring, training, matchmaking and free access to industry events.

## EIC Communication Actions



© European Union 2024 - Commissioner Ivanova, EIC Summit [material](#).

EISMEA promoted [EIC funding opportunities](#) by participating in [major deep-tech events](#), organising [info days](#) and the [EIC Summit](#).

In addition, the agency implemented [communication campaigns](#) targeting key audiences (women innovators, start-ups, researchers in widening countries, investors) and continued its production of audio-visual [communication](#)

## European Innovation Ecosystems (EIE)

As planned, the agency implemented [European Innovation Ecosystems](#)' calls for proposals and monitored projects in thematic areas ("destinations") designed to support the completion of the [New European Innovation Agenda](#) (NEIA) flagships.

**Call management:** EISMEA implemented two calls with an overall budget of EUR 18,5 million. From the first call, six **Startup Europe** projects and the **EU-African Innovation** platform were selected. Results from the second call (Expanding Academia-Enterprise Collaborations and Mutual learning and support scheme for national and regional innovation programme) are expected in February 2025.

In addition, two studies were completed in 2024 (Frugal and reverse innovation; Innovative practices in legislation around emerging tech) that will be published in early 2025.

**Programme management:** EISMEA's work remained on track with five **Regional Innovation Valleys** projects benefitting from EUR 52,5 million of EU funds beginning their work.

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In 2024, [Regional Innovation Valleys](#) - part of the New European Innovation Agenda (NEIA) - brought together resources from EIE and I3 (Interregional Innovation Investments) to boost innovation in European regions. This new approach is set to transform the way innovation ecosystems work in Europe.

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The **Women TechEU** project successfully launched two calls, attracting together close to 1650 applications from more than 40 eligible countries. The calls funded 80 women-led startups who will receive services including mentoring, specialised workshop sessions and matchmaking with corporates and investors.

**External communication.** EISMEA promoted EIE calls and results as well as success stories from the EIE programme via its digital communication channels. In addition, the agency organised and promoted two Info Days.

## Single Market Programme

The agency implements several complementary strands of the [Single Market Programme](#): the [Consumer protection pillar](#) (actions aimed at protecting the rights of consumers in the internal market); the [SME pillar](#) (actions to support the competitiveness of SMEs), as well as actions designed to strengthen the [internal market](#) and provide [support to standardisation](#).

By implementing these actions, EISMEA is helping to generate more business opportunities in the Single Market, ensuring that more European SMEs have access to cross-border business by digital means, ensuring that consumers are empowered and better protected and

promoting sustainable consumption. As such it contributes to achieving the European Commission's objectives of a Europe fit for the Digital Age and a European Green Deal.

## Consumer protection pillar of the Single Market Programme

The Consumer protection pillar activities aim at promoting the interests of consumers and ensuring a high level of consumer protection and product safety.

**Call management:** To help achieve these objectives, EISMEA launched three calls for proposals and one invitation to submit proposals, receiving close to 150 proposals:

- Call for proposals for action grants to provide [financial contributions to ADR Bodies and RAD Qualified Entities](#).
- Call for proposals for action grants to promote [stable debt advice services](#)
- Call for proposals for action grants to [support consumer education, awareness raising and local advice to consumers](#).
- Invitation to submit a proposal: [Operating grant to support the activities of the consumer organisation at the EU level](#) – award to beneficiary identified in the legal base - BEUC.

In 2024, the agency finalised as planned the signature of 2023 Alternative Dispute Resolution (ADR) and 2024 European Consumer Centres (ECC) grants, as well as the 2025 BEUC grant. While the overall number of grants signed in 2024 was lower than forecast, the remaining planned grants are on track to be signed in Q1 2025. Signature of procurement contracts remained on track.

**Programme management:** The agency began work on the [Consumer Conditions Survey](#) on “Consumers’ attitudes towards cross-border trade and consumer-related issues 2024”. It aims to create a long-term dataset, for national policymakers and stakeholders to estimate the impact of their policies on consumer welfare. In addition, EISMEA prepared and organised events including the [Consumer Protection Cooperation Network \(CPC\)](#) events and the 2024 Consumers Summit.

In March 2024, the Agency helped organise the [Consumer Summit](#) and Informal Ministerial Meeting, an annual high-level policy event, bringing together stakeholders including policymakers, consumer organisations, consumer law national enforcement authorities, academia, businesses and representatives of civil society, at both EU and national level.

**External Communication:** EISMEA organised three online Info Sessions for prospective applicants of the calls listed above, leading to a record number of proposals. The Agency also contributed to the promotion of the Consumer Summit 2024.

## SME pillar of the Single Market Programme

The SME pillar aims to strengthen the competitiveness and sustainability of European enterprises by supporting SMEs, clusters and business network organisations, facilitating access to markets, promoting entrepreneurship and a favourable business environment for digital transformation and the modernisation of industry.

**Call management:** EISMEA met all its targets for publication of calls for proposals and calls for tender.

**Programme management:** In 2024 the [Enterprise Europe Network](#) (EEN) widened its international presence to 55 countries worldwide. In April, EISMEA launched a call to establish EEN partners from 2025-2028. This will ensure seamless Network services for SMEs throughout the entire duration of the Single Market Programme.

On 6-8 November, the EEN's Annual Conference in Budapest, gathered around 800 participants under the theme "Boosting the potential of European SMEs," reinforcing the Network's resolve and capacities to deliver on its core objective.

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### EEN: Supporting Ukraine and responding to the energy crisis.

In 2024 the EEN:

- Helped more than 1500 European SMEs increase their energy efficiency, providing close to EUR 7 million in funding.
  - Allocated more than EUR 350 000 in grants to around 150 Ukrainian SMEs to support their EU market entry.
- 

2024 saw [Erasmus for Young Entrepreneurs](#) (EYE) commemorating [15 years](#) of cross-border exchanges. At a ceremony in Kaunas, Lithuania the EYE Entrepreneur of the Year 2024 award was won by [Ramune Gvozdaite](#) presenting her business Bonodora. In addition, EYE continued providing [tailored support to Ukrainian new entrepreneurs](#) and prepared to extend its reach to the USA, Canada, UK and Singapore.



funded projects from the first call made progress in several critical areas, including efforts to make [industrial processes more sustainable](#).

Around 700 cluster practitioners, SMEs and policymakers participated in the 9<sup>th</sup> [European Cluster Conference](#) on 7-8 May. Incorporating strategic discussions, around 500  
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matchmaking meetings and 70 exhibition booths, the conference facilitated business and innovation connections across diverse industrial ecosystems.

The [SME Assembly 2024](#) took place on 18-20 November in Budapest. Sessions included a “master class on innovative and SME friendly public procurement” and a workshop “Turning tide on late payment” both led by EISMEA. The event also included the Youth Start-up competition. The prize winner, 19 year-old Federico Mauritty from HidroQapa (Italy), will be invited to the EIC Summit 2025.

**External Communication:** EISMEA promoted the SMP’s networks and initiatives, new calls and results (success stories) via its digital communication channels. It also launched an [online campaign](#) to raise the visibility of the EEN, resulting in more than two million video views and an increased interest in Network services from SMEs in several countries.

## Internal Market and support to standardisation

The Internal Market and Support to Standardisation strand of the SMP aims to make the internal market more effective by supporting market surveillance throughout the Union, financing European standardisation and enabling the participation of relevant stakeholders to standardisation activities.

**Call management:** In 2024, EISMEA published four calls for proposals for Support to Standardisation, signed a specific contract in the field of Market Surveillance and published for the first time a call for proposals for the support of the European Union Testing Facility (EUTF) in the area of eco-design and energy labelling.

**Programme management:** The Agency supported the development of standards in strategic fields such as accessibility and interoperability, and continued to support the translation of harmonised standards into Ukrainian to facilitate the integration of the Ukrainian economy into the EU Single Market. The Agency also signed a specific grant on the development of a readability platform for access to standards to implement a recent [ruling of the European Court of Justice](#).

In the field of Market Surveillance, the Agency contracted services for 11 Product Specific Activities in fields including lifts, cosmetics, clothes, radio-controlled toys and personal protective equipment. The specific contract “Organisations of Joint Actions on Compliance of Products in the EU and EFTA countries” (JACOP 2025) was signed in December 2024 with a total budget of EUR 5.7M. It aims to ensure that only safe and compliant products are made available in the EU market. EISMEA signed for the first time a grant supporting the European Union Testing Facility (EUTF) in the area of eco-design and energy labelling.



## Interregional Innovation Investments (I3) Instrument (ERDF)

The [European Regional Development Fund \(ERDF\)](#) aims to strengthen economic and social cohesion in the European Union by correcting imbalances between its regions. The [I3 Instrument](#), implemented under the EU Cohesion Policy, aims to accelerate innovation deployment in connected regional innovation ecosystems across the EU. It does so by providing [financial and advisory support](#) to innovation actors and supports actions to increase the capacity of regional innovation ecosystems in less developed regions.

**Call management:** 2024 saw the launch of [ten funded RIV I3 Instrument projects](#). The agency also managed two new investment-related funding calls worth EUR 67 million in EU grants. The calls – which included a new rule whereby half of the eligible costs must be spent in less developed EU areas to boost their involvement – saw the number of applications increase from 49 in 2023 to 69 in 2024. In addition, EISMEA ran two capacity building calls. Applications for these rose from 33 to 77. The significant growth in applications for all three calls demonstrates the programme's appeal.

**Programme management:** In 2024, the number of active projects rose to 53, consisting of 35 investment and 18 capacity-building projects, with a total requested EU grant of EUR 220 million. Initial feedback and analysis shows positive trends in terms of technological and economic impact of the programme, as well as the potential for collaboration between different projects and funding sources. However, given the typically large number of partners per project, the programme may also benefit from some administrative simplification in the future.



**I3: 20 innovative regions sharing expertise.**

2024 saw three I3 projects incorporating more than 20 EU regions working in synergy to develop **sustainable transport solutions**.

[InnoMob](#) is developing **ultra-light micro-vehicles** in less developed EU regions: Sicily (IT) and Madeira (PT). To help make the vehicles as sustainable as possible, it received support from:

[DeRemCo](#), for the testing of **fibre reinforced plastics** in the frames of e-scooters.

[Batmass](#) for the reuse of **recycled batteries** in e-scooters/electric cargo bikes.

The [I3 Support Facility](#) began in October. It will help regional stakeholders, especially in less developed parts of the EU, to build skills for projects that involve innovation across different regions. The Facility will also assist EISMEA and REGIO in learning policy lessons from putting these projects into practice.

**External communication:** EISMEA promoted the calls, results, and success stories of successful I3 projects via its digital communication channels, notably seeing a 15% growth in engagement on LinkedIn.

In 2024, one online infoday (Strand 1 and 2a) was organised with 300 connected participants. The session was recorded and made available online. A Coordination Day in March gathered around 100 participants from I3 projects in Brussels, providing practical information on essential grant agreement requirements.

## 2. INTERNAL CONTROL AND FINANCIAL MANAGEMENT

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

EISMEA implements the delegated programmes with the Director acting as Authorising Officer by Delegation (AOD). As such, the Agency manages the EU programme budgets by way of direct management and manages its own operating budget. This section covers the control results and other relevant elements that support management's assurance.

### 2.1. Control results

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

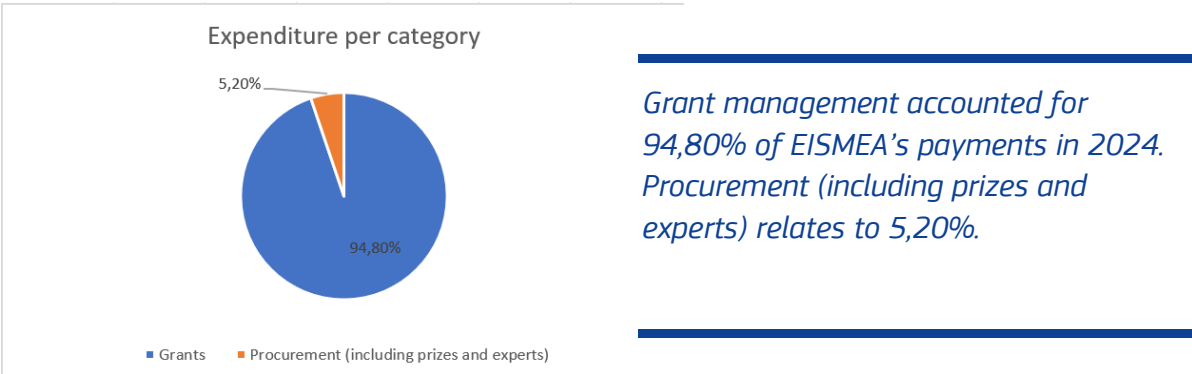
- **Effectiveness** The level of error found, based on the controls carried out.
- **Efficiency** The average time taken to inform or pay.
- **Economy** The proportionality between the costs of controls and the funds managed.

The agency's assurance building and materiality criteria are outlined in annex 5, while annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

EISMEA implements its budget via direct management. As per its Control Strategy, the agency employs three distinctive Relevant Control Systems (see annex 6):

- i) Grant Management
- ii) Procurement (including prizes and experts)

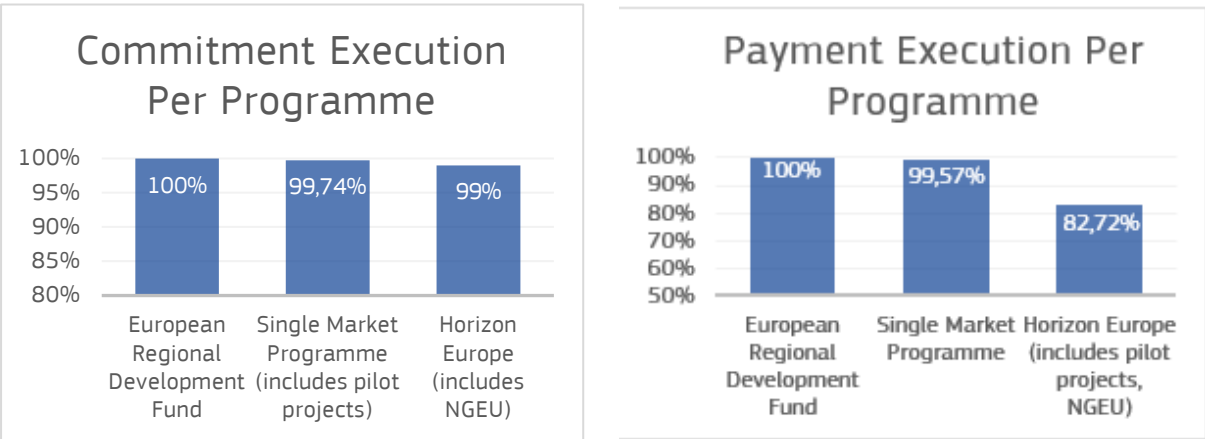
iii) Investment Component of the EIC Fund <sup>(5)</sup>



1) Expenditure overview

EISMEA’s operating budget (EUR 48,02 EUR million) was needed to cover the administrative expenses of the agency. In 2024, the agency committed EUR 47,791 million, out of which a total of EUR 44,777 (93.2%) was paid by the end of the year. The remaining payment credits will be carried over to year 2025, as a standard practice foreseen under the operating budget.

Figures on commitment and payment appropriations under EISMEA’s operational budget are outlined below. Detailed tables are available in annex 7.



EISMEA committed EUR 1092.03 million out of EUR 1100.90 million authorised commitment appropriations in total across its three programmes in 2024, representing an overall rate of 99,19%.

EISMEA executed EUR 1107.64 in payments out of EUR 1301.59 million authorised payment appropriations in total across its three programmes in 2024. The lower rate shown

<sup>(5)</sup> As of 1 January 2024, the supervision and control of the EIC Fund operations has been entrusted to the EIB and this control system is not in use by EISMEA. The Control Strategy will be updated accordingly.

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for Horizon Europe reflects the inclusion of appropriations from external assigned revenue which may be carried over to the following year. For the budget expiring in 2024, the figure is 100%.

## 2 ) Revenue and Income overview (presented in annex 3, Table 7)

As per annex 3, table 7, the amount coming from the revenue (EUR 18,9 million) is mainly the result of the recovery orders cashed from grants.

## 3 ) Financial Instruments and significant non-expenditure items overview (presented in annex 3, Table 4 Balance Sheet)

The agency carries out an Accounting Quality Exercise on an ongoing basis which aims at ensuring the accuracy of the data in the IT financial systems. In 2024, EISMEA tested financial transactions in areas including expenditure, pre-financing, commitments, guarantees, recovery orders, fixed assets, and cut-off. The tests concluded that financial transactions were recorded according to Financial Regulation and internal guidelines.

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

EISMEA has established a system of controls to ensure sound financial management and to build reasonable assurance on the legality and regularity of financial transactions, taking into account the multiannual character of programmes and the nature of payments concerned. Controls cover budget implementation through grants and procurement, both with respect to the operational and administrative budgets.

The Agency's assurance building and materiality criteria are outlined in Annex 5. Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

The table below represents an overview of EISMEA's operational expenditure per activity (grants, procurement and others) and per programme.

Risk type/ Activities	Grants	Procurement (including prizes & experts)	Total expenditure
Horizon Europe	810,54	24,73	835,27
Horizon Europe Pilot	0,00	0,37	0,37
Horizon 2020	86,71	3,53	90,25
SMP 2021-2027	91,51	23,13	114,64
COSME 2014-2020	7,30	4,76	12,06
CONSUMER 2014-2020	0,02	0,03	0,05
Standardisation 2014-2020	1,51	0,75	2,25
ERDF 2021-2027	52,43	0,33	52,76
Total	1.050,02	57,62	1.107,64
Links to AAR annex 3	Overall total (m Eur)		

## **R&I family direct and indirect grant management for H2020 and Horizon Europe**

The R&I Family operates on a common audit strategy intended to contribute to the legality and regularity of expenditure on a multi-annual basis, including detection and correction of non-systemic and systemic errors.

For Horizon 2020 (H2020) and Horizon Europe (HORIZON), the Common Audit Service (CAS) of the Common Implementation Centre (CIC) carries out all the financial audits<sup>(6)</sup>, including those concerning grants managed by the Executive Agencies and the Joint Undertakings. This is a major step towards ensuring efficiency gains, a harmonised approach, legal certainty, equality of treatment of beneficiaries and the least audit burden on beneficiaries.

The main indicators on legality and regularity of EU Framework Programmes for Research and Innovation are the cumulative representative detected error rate, and the cumulative residual error rate<sup>(7)</sup>.

The targets as set out in annex 5 materiality criteria are respectively:

- For Horizon 2020, to ensure that the cumulative detected error rate remains within a range of 2-5 %, aiming to have the residual error rate as close as possible to 2%.
- For Horizon Europe, to ensure that cumulative detected and residual error rates do not exceed 2%<sup>(8)</sup>.

Annex 7 presents the audit coverage for H2020 and the implementation of the audit target for 2024.

For non-H2020 and non-HE programmes, the Agency's quantitative materiality threshold is set at a residual error rate of 2%. The control results are presented in Annex 7.

For low-risk types of expenditure, where there are indications that the equivalent error rate might be close to 'zero' (e.g. administrative expenditure, operational expenditure related to procurement, prizes and experts), the rate used is 0.5% as a conservative estimate.

### **2.1.2. Effectiveness of controls**

EISMEA uses internal control processes to ensure sound management of risks relating to the legality and regularity of the underlying transactions it is responsible for, taking into account the multiannual character of programmes and the nature of the payments concerned.

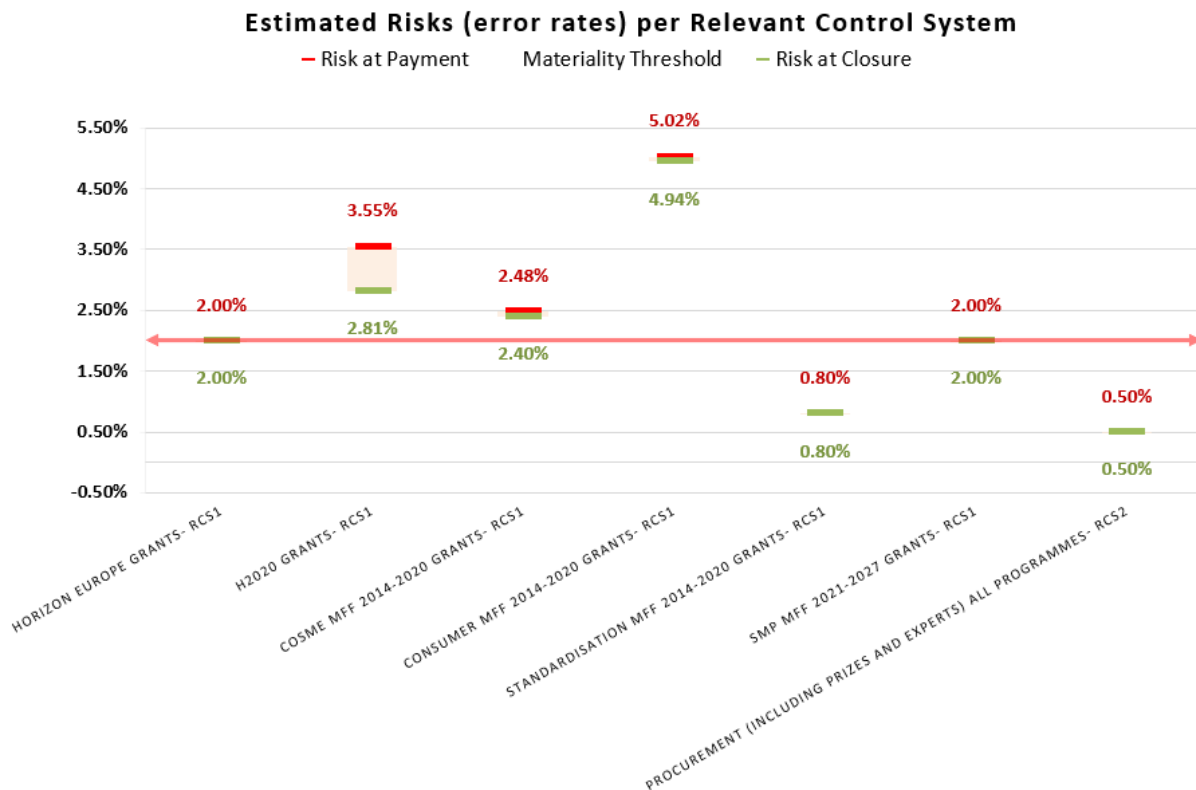
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6 Except audits for article 185 bodies

7 EISMEA's assurance building, indicators and materiality criteria are outlined in annex

8 No representative error rate for Horizon Europe is available in 2022, 2023 and 2024 as the ex-post audit campaign for the Programme has been launched in the second half of 2024.

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



### Control results for grants management

The control system for grant direct management is deployed in four stages outlined below. Key indicators have been defined for each stage covering control effectiveness and control efficiency. These controls are reinforced through a Programme Manager's Office providing expertise in an emerging science-and-technology area. Fully integrated in all stages of the control processes, the Office works closely with the ongoing projects and stakeholders to create and accelerate concrete innovation opportunities through a portfolio of actions, potentially spanning the full range of EIC schemes: Pathfinder, Transition and Accelerator.

**Stage 1: Programming, evaluation and selection of proposals** aims to ensure that the Agency selects the most promising proposals that best contribute towards the achievement of the programme and operational objectives, and comply with the eligibility, selection and award criteria.

EISMEA concluded all legacy calls previously planned. The budget allocated for calls published in 2024 was fully implemented or committed for all programmes in 2024. For further details of cost effectiveness ratios for proposals and evaluation review requests see annex 7. Benefits could be quantified to more than EUR 21 million in total, as detailed in the table below. The reason for the significant difference to the 2023 results (2.015 million) is the restructuring of the EIC Fund to indirect management.



Benefits stage 1	UNIT E.01 - EIC Pathfinder	E-02 - EIC Transition Activities and BAS	UNIT E.03 - EIC Accelerator	I-01 - EU and place-based Innovation Ecosystems		I-02 - SMP /COSME Pillar	I-03 – SMP/Internal Market and Consumers			TOTAL
	EIC Pathfinder	EIC Transition Open EIC Transition Challenges	EIC Accelerator (HE)	European Innovation Ecosystems (HE)	Interregional Innovation Investments Initiative (ERDF)	SME (SME Pillar)	Support to Standardisation	Market Surveillance	Consumers	
Indicative calls budget	478,650,000.00 €	94,000,000.00 €	270,000,000.00 €	86,000,000.00 €	155,000,000.00 €	215,000,000.00 €	28,468,539.00 €	1,000,000.00 €	12,311,735.47 €	1,745,430,274 €
Total requested funding selected proposals	537,414,189.25 €	100,185,757.01 €	265,000,000.00 €	86,073,926.19 €	103,905,856.00 €	235,803,609.33 €	22,804,108.67 €	1,000,000.00 €	6,575,603.36 €	2,082,763,050 €
% success rate : selected (funded) vs eligible proposals	7.26%	10.26%	5.38%	6.48%	11.82%	66.49%	96.30%	100.00%	60.47%	10.21%
Requested funding ineligible proposals	49,376,721.50 €	44,449,360.79 €	16,559,838.00 €	14,887,825.00 €	43,298,542.60 €	8,154,052.82 €	664,968.89 €	- €	289,116.13 €	226,445,426 €
Benefit (requested funding ineligible proposals * success rate)	3,586,263.21 €	4,558,908.80 €	890,749.23 €	964,563.31 €	5,117,100.49 €	5,421,804.75 €	640,340.41 €	- €	174,814.40 €	21,354,545 €

**Qualitative benefits:** a well-designed Work Programme and widely published calls appeal to a larger number of good quality projects, out of which the very best can be chosen. Expert evaluators bring independence, knowledge and a range of opinions. Selection controls ensure that the most merited projects are funded.

**Stage 2: Contracting** aims to ensure that the allocation of actions and funds provides the best value for public money, and that each of the selected proposals is translated into a legally binding grant agreement allowing for sound management.

**Qualitative benefits:** Checking the committed budget for relevance and appropriateness helps prevent future errors, leading to a higher assurance on the achievement of the project objectives and results.

**Stage 3: Monitoring the execution** aims to ensure that the operational and financial results from the projects are of good value, meet the objectives, and comply with regulatory and contractual provisions. In 2024, 16,73% of non-eligible costs over the amount claimed were detected in ex ante controls.

**Qualitative benefits:** Monitoring, processing amendments and scrutinising costs claimed by beneficiaries contribute to the legality and regularity of the transactions and therefore an overall improvement of the financial efforts carried out by the Agency.

**Stage 4: Ex post controls and implementing results** aim to assess the legality and regularity of payments made using the detected and residual error rates. An overview of results is outlined below.

**Horizon 2020 Framework Programme:** The error rates based on the audit work for Horizon 2020 Framework Programme for Research and Innovation are:

- **Cumulative representative detected error rate** for the Framework Programme: **3.55%** <sup>(9)</sup>

9 Based on the 765 representative results out of the 944 expected in the six Common Representative Samples.

- **Cumulative residual error rate** for the Framework Programme: **1.79%** (2.81% for EISMEA).

In 2024 the cumulative residual error rate for Horizon 2020 for the grants managed directly by EISMEA is calculated at 2.81%. The relatively high level of error in Horizon 2020 grants is linked to the applicable funding model, which is based on the reimbursement of eligible actual costs. Most of the errors relate to incorrect claims for personnel costs that are mainly due to beneficiaries' lack of thorough understanding of the rules. Newcomers and Small and Medium Enterprises (SMEs) are more prone to errors in comparison to more experienced/large size beneficiaries. Actions carried out to address these weaknesses are reported in annex 7.

Since R&I Framework Programmes are multi-annual, the error rates, and the residual error rate in particular, should be considered within a time perspective. Specifically, the implementation of the audit results over time will tend to lower the cumulative residual error rate thus increasing its difference with the representative detected error rate.

These error rates are calculated on the basis of the audit results available when drafting the Annual Activity Report. They should be treated with caution as they may change subject to the availability of additional data from audit results. The yearly fluctuation of the detected error rate in H2020 exhibits no identifiable correlation with the maturity of the programme.

There is evidence that the simplifications introduced under Horizon 2020, along with the ever-increasing experience, help in reducing the number of errors made by the beneficiaries, especially when compared to the Seventh Framework Programme where the error rate was higher and varied from close to 5% to around 5.5% over time. Notwithstanding these efforts, beneficiaries still make errors. Actions carried out to address these weaknesses are reported in annex 7.

**Horizon Europe Framework Programme:** No representative error rate for Horizon Europe is available in 2024 as the ex-post audit campaign for the Programme was launched in the second half of 2024, once a meaningful number of payments was available for audit. Consequently, without elements allowing an assessment of the level of errors and taking into account the simplifications introduced for Horizon Europe that aim to reduce the error rate, a 2% <sup>(10)</sup> detected and residual error rate will be considered for EISMEA.

**Other programmes managed by the Agency:** EISMEA designed the ex post audit strategy for the SMP and I3 parts of MFF 2021-2027 and contracted the first 17 audits. There are no audit results yet. Without elements allowing an assessment of the level of errors, EISMEA uses 2% <sup>(11)</sup> for the detected and residual error rates for both programmes.

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<sup>10</sup> These rates correspond to the objective set for Horizon Europe.

<sup>11</sup> These rates correspond to the objectives set for SMP and ERDF (including I3)

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EISMEA finalises the implementation of the ex post audit strategy for the legacy programmes (2014-2020). Progress against control objectives and targets is assessed annually based on the results of the ex post audits<sup>(12)</sup>. Ex post controls have a deterrent and learning effect for beneficiaries, helping to reduce errors in future cost declarations. The methodology applied is described in annex 5.

The multi-annual residual error rates at the end of 2024 for “Internal Market and support to Standardisation activities” is 0,35% (the same as in 2023).

The multi annual residual error rates at the end of 2024 for COSME is 2,18% (decreased from 2,38% in 2023) and for the Consumer Programme is 4,87% (increased from 3,59% in 2023). Both rates are above the materiality threshold of 2%, however, as these programmes meet the cumulative criteria to fall below the “de minimis rule”<sup>(13)</sup>, EISMEA does not report a reservation. Following the introduction of a reservation on the COSME programme in 2020, mitigating measures were put in place and continue to be implemented. The actions have had a positive impact in reducing the multi annual residual error rate of the programme.

For the Consumer Programme, the error rate increased due to: the ineligibility of costs re-invoiced by a related entity to an audited beneficiary, without compliance with the principles of procurement; a lack of time records for staff not working exclusively on the project. EISMEA communicated on how to avoid similar mistakes to other beneficiaries in the programme, during a joint event organised by DG JUST and EISMEA.

Details about the calculations of the “de minimis rule” are shown in annex 9 while a list of the mitigating measures implemented in 2024 is included in annex 7. Details of multi-annual residual error rates based on ex post audits are shown in annex 7.

### Cost effectiveness: costs and benefits per stage

STAGES	BENEFITS	staff costs	external /other costs	COSTS
Stage 1: evaluation and selection	21,354,544.61 €	4,862,902.52 €	586,019.71 €	5,448,922.23 €
Stage 2: contracting	7,505,024.70 €	4,862,902.52 €	- €	4,862,902.52 €
Stage 3: monitoring the execution	36,779,168.80 €	22,693,545.11 €	- €	22,693,545.11 €
Stage 4: ex-post controls and recoveries	677,772.00 €	320,866.40 €	194,033.55 €	514,899.95 €
<b>TOTAL</b>	<b>66,316,510.11 €</b>	<b>32,740,216.55 €</b>	<b>780,053.26 €</b>	<b>33,520,269.81 €</b>

The above table gives an overview of costs per stage. The staff costs of controls related to the four stages of grant management have been estimated by considering (i) direct costs, (operational and finance staff directly dealing with grant management), and (ii) indirect and overhead costs by applying an allocation key. The external costs include expenses paid for evaluation experts, missions, and the external contractor dealing with ex post control audits. As regards Horizon 2020, the audits are performed by the Common Audit Service (CAS).

12 The ex post audit methodology is explained in annex 5

13 Agreement of the Corporate Management Board of 30/4/2019.  
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EISMEA’s Manual of Procedures contributes to the cost-effectiveness of EISMEA’s processes, as an internal resource to help staff members perform their everyday tasks with efficiency.

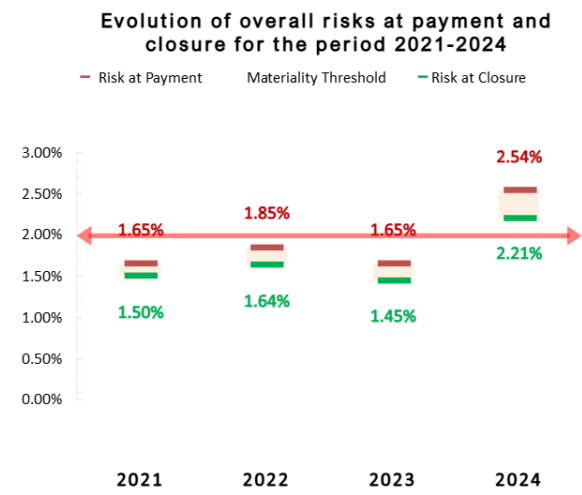
**Control results for EIC Accelerator Investment Component (EIC Fund)**

As of 1 January 2024, following the third Commission Decision on the completion of the restructuring of the European Innovation Council (EIC) Fund (C(2023)8183, 4.12.2023) and as described in the Communication to the Commission accompanying that Decision, the supervision and control of the EIC Fund operations has been entrusted to the EIB, in line with the applicable provisions in the Financial Regulation for indirect management. In the new setting, EISMEA’s role in monitoring and supervision is limited to the grant component of the EIC Accelerator and the fulfilment of its tasks for the coordination between the grant component and the equity investments by the EICF, as well as assisting DG RTD in fulfilling its role in supervision and monitoring.

Before the Contribution Agreement between the Commission and the EIB entered into force, EISMEA, under direct management, had been responsible for monitoring reports from the EIC Fund for all years of operation before 2024, including checking compliance with administrative expenditures. In 2024, EISMEA has received and checked the EIC Fund 2023 audited annual report and other EIC Fund 2023 reporting documents.

In indirect management as of 1 January 2024, and in line with the revised Act of Delegation (C(2023)4256), EISMEA assists the Commission in analysing the reporting provided by the AIFM and the EIB and in verifying the regularity of payments made by the EIC Fund. This support already included, at the beginning of 2024, transfer to the Commission of EISMEA’s knowledge, staff, and experiences gained from direct management and completing verifications for the reporting periods before 2024. Best practices for consolidating reporting streams and for assisting DG RTD in fulfilling its role in supervision and monitoring will be developed and continuously updated in the context of the Penta-Partite Operating Guidelines.

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



The estimated overall risk at payment for 2024 expenditure is the AOD's best conservative estimate of the amount of relevant expenditure during the year, not in conformity with the contractual and regulatory provisions applicable at the time the payment was made. This expenditure will subsequently be subject to ex-post controls and a proportion of the underlying errors will be detected and corrected in subsequent years, corresponding to the

conservatively estimated future corrections for 2024 expenditure. The difference between those two results in the estimated overall risk at closure <sup>(14)</sup>.

There is an increasing trend since 2023 mainly due to the increase of the error rate on Horizon 2020 grants. Another justification is the increase of the share of payments related to MFF 2021-2027 grants in the relevant expenditure (from 7,50 % in 2023 to 39,39 % in 2024), while in absence of audit results, the estimate error rate used for this segment is 2%.

For an overview at Commission level, the departments' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated in the AMPR.

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

With its ex-ante and ex-post controls, EISMEA has an effective mechanism in place for detecting and correcting errors. In 2024, ex-ante controls amounted to EUR 8,18 million and ex-post controls amounted to EUR 2,96 million, representing a total of EUR 11,14 million of corrections. This amount is EUR 5,9 million lower than last year. The decrease compared to 2023, is mainly due to the introduction of lumps sums in e-grants. . Please see details in annex 3 table 8.

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

EISMEA has developed and implemented its own anti-fraud strategy since May 2023 based on the methodology provided by OLAF. EISMEA monitors its implementation and reports on it to management twice a year. All 20 planned actions have been fully (16) or partially (4) implemented. Details on the results and outputs of measures set in the anti-fraud strategy are provided in annex 7.

EISMEA received 21 OLAF financial recommendations during the period 2020-2024. In 2024, EISMEA closed five financial recommendations and 16 are still ongoing. Regarding the closed financial recommendations, EISMEA

- Has fully implemented four financial recommendations,
- Has partially implemented one financial recommendation, because the beneficiary went into bankruptcy.
- Was not in a position to follow the OLAF financial recommendations, because of:
  - Beneficiaries going into bankruptcy during the proceedings,

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(<sup>14</sup>) This is the AOD's best, conservative estimation of the expenditure authorised during the year that would remain not in conformity of applicable regulatory and contractual provisions by the end of implementation of the programme.

- The fact that the amounts recommended to be recovered were already covered by rejected costs prior to the issuance of the OLAF report,
- The absence of contractual link with the beneficiary outlined,
- EISMEA and OLAF did not agree on the interpretation of the provisions of the grant agreement in question,
- Beneficiary refusing to pay so the Commission Central Services handle the enforced recovery afterwards.

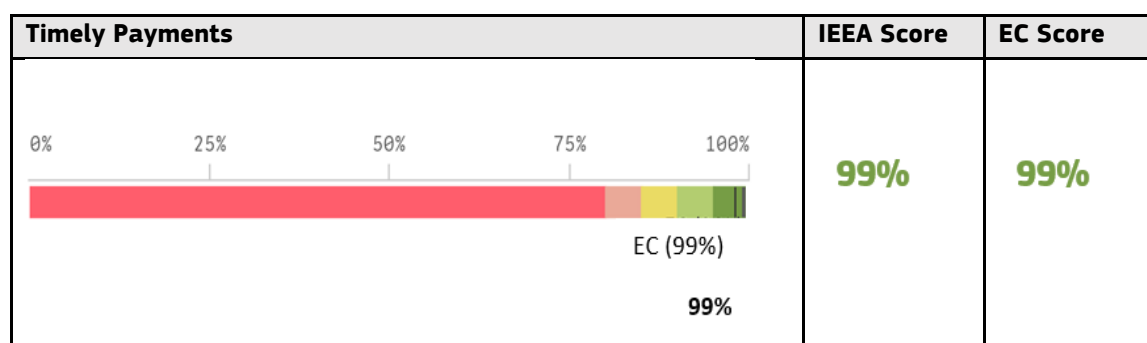
On the basis of the available information, EISMEA has reasonable assurance that the anti-fraud measures in place are effective overall.

### 2.1.3. Efficiency of controls

Having considered the control efficiency ratios for each of the four stages of controls described above, EISMEA concludes that its activities have been carried out in an efficient manner.

Figures for time to inform were within target (100%) for all programmes apart from EIC Accelerator, EIC Prizes and SMP Consumer Protection Pillar (see annex 2 for further explanations). Time to grant (77%) was below the target of 95% due to a combination of several factors (outlined in detail on pages 12-13). Remedial measures to improve time to grant include: piloting a new, targeted recruitment process; streamlining the implementation procedures for lump sum funding; engaging with EISMEA's parent Directorate-General to expedite the adoption of implementing decisions and the screening of proposals under economic security measures. Further information is outlined in the Executive Summary B (Key Performance Indicators), annex 4 (financial scoreboard) and annex 7 (efficiency indicators per programme).

In 2024, EISMEA processed a total of 5.332 payments on the operational budget where 99.5% of the total payment accepted amount was done within the legal deadlines. On the administrative budget, 999 payments were processed where 98.8% of the total payment accepted amount was done within legal deadlines.



In 2024, EISMEA processed a total of EUR 1.032.611.262 of payments under the administrative and operational budgets, where 99.5% of the total payment amounts were made within the legal deadlines.



On the operational budget, EISMEA processed 1.014.942.331 EUR of payments on time out of a total of 1.020.160.290 EUR. On the administrative budget, EISMEA processed 12.307.313 EUR of payments within legal deadlines, out of a total of 12.450.972 EUR. For both budgets combined, EISMEA scored in line with the EC score, reflecting efficient payment processing.

#### 2.1.4. Economy of controls

The calculation of the cost of controls was done taking into account the number of relevant Full Time Equivalents (FTE) working in each function related to the pertinent control stage and considering other costs related to external experts.

	Costs of controls	Amounts managed	Ratio costs/amount
<b>ex-ante controls (operational budget)</b>	33,005,369.87 €	1,107,639,502.50 €	2.98%
<b>total amount of ex-post controls</b>	514,899.95 €	12,713,522.76 €	4.05%
<b>Total cost of controls</b>	33,520,269.81 €	1,107,639,502.50 €	3.03%

Table 6 – Cost of controls

The table above gives an overview of the Agency's ratio of cost of controls over the total amounts managed. Compared to 2023 (2.01%), the total ratio cost of controls increased in 2024 due to the restructuring of the EIC Fund to indirect management <sup>(15)</sup>. More details are available in Annex 7.

Details of the estimated cost related to shared/pooled control activities carried out by REA and hosted by DG RTD (Common Implementation Centre including Common Audit Service) for the Research and Innovation family are reported in the annual activity reports of REA and DG RTD.

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

Based on the most relevant key indicators and control results reported above, EISMEA has assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible.

### 2.2. Audit observations and recommendations.

This section sets out briefly the state of play for all audit observations and recommendations reported by auditors related to internal control and financial management – including the

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<sup>(15)</sup> EISMEA is therefore no longer responsible for any controls over the EIC Fund transactions.  
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limited conclusion of the Internal Auditor on the state of internal control. Further details for IAS and ECA audits can be found in annex 8.

Where an audit has detected weaknesses affecting any internal control principle or the department's assurance, a detailed analysis is provided further below in section 2.3 and 2.4, accordingly.

## Internal Audit Service

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

Reported	Audit Title	Accepted Recommendation	State of play in 2024	Impact on the assurance for 2024
<b>2022</b>	Design and early implementation of the EIC in EISMEA, DG RTD and DG CNECT	Very important (9, 10 and 12) – closed in 2024	✓	✓
<b>2023</b>	Thematic review on the Commission's risk at payment	Very important – ready to review in 2024	✓	✓

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

⌚ Action plan implementation is ongoing or awaiting review from IAS or ECA

📄 Preparation of the action plan

🚩 Impact on the assurance

## European Court of Auditors

**Administrative budget:** The audit on the reliability of EISMEA's 2023 accounts confirmed the reliability and legality of EISMEA's financial operations. However, the Court also highlighted control weaknesses regarding formal agreements with service providers, payment procedures and authorisations for mission travel orders. EISMEA committed to taking corrective actions to address these shortcomings. These points do not call the Court's positive opinion into question and were properly addressed in EISMEA's replies and actions.

Reported	Audit Title	Accepted Recommendation	State of play in 2024	Impact on the assurance for 2024
<b>2022</b>	Statement of assurance DAS) <sup>(16)</sup>	1	✓	✓
<b>2023</b>	Statement of assurance (DAS) <sup>(17)</sup>	2	⌚	✓

<sup>(16)</sup> [https://www.eca.europa.eu/ECAPublications/SAR-AGENCIES-2022/SAR-AGENCIES-2022\\_EN.pdf](https://www.eca.europa.eu/ECAPublications/SAR-AGENCIES-2022/SAR-AGENCIES-2022_EN.pdf)

<sup>(17)</sup> [https://www.eca.europa.eu/ECAPublications/SAR-AGENCIES-2023/SAR-AGENCIES-2023\\_EN.pdf](https://www.eca.europa.eu/ECAPublications/SAR-AGENCIES-2023/SAR-AGENCIES-2023_EN.pdf)  
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**Operational budget:** Details and results of the sampled transactions of the ECA audits performed on the operational budget can be found in Annex 7.

**Performance audits:** During the year, the ECA undertook two performance audits involving EISMEA. Details can be found in Annex 7.

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

The Commission has adopted an Internal Control Framework based on the highest international standards. <sup>(18)</sup> EISMEA has adapted the Internal Control Framework to its specific characteristics and organisational structure. The internal control systems are suited to achieving its policy and internal control objectives in accordance with the internal control principles, having due regard to the risks associated with the environment in which it operates.

The internal control assessment was performed in compliance with the Commission's established methodology <sup>(19)</sup>. It was based on an evaluation of monitoring indicators defined in EISMEA's Internal Control Framework and a desk review of information from various sources. Further information on all points outlined in this section is provided in annex 8.

EISMEA has assessed its internal control system during the reporting year and has concluded that it is effective and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to principles 7, 9, 10, 12 & 14 Improvements and remedial measures are outlined in the agency's Action Plan 2025 <sup>(20)</sup>. For further information see Annex 8.

## 2.4. Conclusions on the assurance

The information reported in this section results from a systematic analysis of the evidence available. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a comprehensive coverage of the budget delegated to the Director of EISMEA. This is confirmed by the statement of the Head of Department in charge of risk management and internal control in Annex 1. The audit results, the internal control assessment and the control indicators do not reveal any significant weaknesses and do not fulfil any of the materiality criteria laid down in Annex 5 of this report. The resources assigned in 2024 to the activities described in this report are used for the intended purpose following sound financial management and the control

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<sup>(18)</sup> The Committee of Sponsoring Organizations of the Treadway Commission Internal Control Integrated Framework, the golden standard for internal control systems.

<sup>(19)</sup> Implementation guide of the internal control framework of the Commission

<sup>(20)</sup> Part of the Agency's Internal Control Self-Assessment 2024  
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system in place provides the necessary guarantees concerning the legality and regularity of the transactions. Reservations not issued in 2024 due to the application of the 'de minimis' rule are presented in Annex 9.

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

## **2.5. Declaration of Assurance**

***I, the undersigned, Jean-David Malo***

***Executive Director of EISMEA***

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

***Declare that the information contained in this report gives a true and fair view <sup>(21)</sup>.***

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

***This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, ex-post controls, the work of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.***

***Confirm that I am not aware of anything not reported here which could harm the interests of EISMEA or those of the Commission.***

***Brussels, 28 March 2025***

***(signature)***

***Jean-David Malo***

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<sup>(21)</sup> True and fair in this context means a reliable, complete and correct view on the state of affairs in the Executive Agency.

## 3. MODERNISING THE ADMINISTRATION

### 3.1. Human resource management

2024 was a challenging year for EISMEA. Negative results from the Staff Survey (first published in March) revealed deep-seated issues that needed to be addressed immediately. As a result, the agency reshaped its actions and priorities in Human Resources significantly.

**Setting up EISMEA for recovery:** The complete detailed results of the Staff Survey (released in May) enabled the agency to analyse key areas of contention and build a recovery plan. Designed with staff, it comprised 64 actions divided under four themes: trust, workload, professional development and communication. EISMEA's staff identified 27 of the actions as short-term priorities (to be delivered in 2024).

By the end of the year, the agency had delivered 24 of these 27 actions. They included actions to rebuild trust – such as specific management training, and actions to support professional development including the preparation of a new selection procedure to enable career progression. The three remaining short-term actions – relating to workload – relied on the work of an external contractor. As the work of the contractor faced delays, these actions are now scheduled to be delivered in the first half of 2025.

**Improving attractiveness and retention:** In 2024 EISMEA improved the onboarding programme for newcomers to ensure they feel welcome and become quickly operational. It also worked on improving career development perspectives, launching an interagency talent management programme as well as an in-house talent programme for staff of all grades.

**2024 Staff allocation and Full Time Equivalent (FTEs) reduction:** In line with the agency's delegation act and specific financial statement (SFS), EISMEA continued to reduce its staff numbers. As such, 2024 saw a reduction of 28 FTEs: eight Temporary Agents (TAs) and 20 Contract Agents (CAs). The agency also received eight CA full time equivalents funded through contributions from candidate and/or third countries.

To manage this reduction effectively, EISMEA carefully monitored its vacancy rate, proactively identified and froze corresponding vacant positions, ensuring that the reduction could be absorbed while maintaining the proper distribution of FTEs across delegated programmes. This approach also preserved the balance between operational activities (approximately 85%) and management and administrative activities (approximately 15%). By the end of the year, the agency had reached its goal of achieving the necessary reduction without having to terminate any staff contracts.

**Facilitating career development and increasing synergies between Executive Agencies:** EISMEA continued to actively engage in inter-agency and inter-institutional activities including working groups to implement the Interagency HR Strategy. EISMEA

participates in DG-EA exchange programme, and for the first time in 2024, joined the interinstitutional job shadowing exercise.

**Shaping the agency's organisational culture:** EISMEA adapted its internal communication activities to support the implementation of its recovery plan, prioritising the provision of regular, clear, and transparent information on all developments. To reinforce a sense of unity, EISMEA maintained all planned events including presidency-themed (Belgian and Hungarian) cultural events organised by staff members. Additional events included the visit of Director-General of DG RTD Marc Lemaître who engaged in a dialogue with staff.

EISMEA's Away Day in June also focused on the recovery plan, empowering staff to prioritise actions to be implemented in the short, medium, and long-term. Feedback showed high levels of satisfaction with the event (76%).

In December, the agency adopted a new internal communication strategy (2025-2028), taking on board findings from the staff survey and following a consultation with staff.

## 3.2. Digital transformation and information management

### Digital transformation

In 2024, the agency continued to follow the Commission Digital Strategy<sup>(22)</sup> (CDS) aligned with the following CDS strategic objectives<sup>(23)</sup>: Highlights included:

**Objective #1 (CDS) Foster a Digital Culture:** EISMEA improved its staff's digital skills by promoting the use of collaborative and interoperable tools such as Microsoft365 collaborative suite. EISMEA raised cybersecurity awareness of staff through information sessions (see below).

**Objective #3 (CDS) Empower business-driven digital transformation:** EISMEA advanced on its digital transformation roadmap and invested in digital modernisation, using Artificial Intelligence to help find and allocate experts to evaluate proposals. EISMEA helped to streamline programme management and improve portfolio management using Innovative IT Tools like the portfolio proactive management tool. **Objective #4 (CDS) Ensure a seamless digital landscape:** EISMEA uses and promotes the Dual Pillar Approach, "Reuse, Buy, Build" principles and the implementation of open-source solutions as its guiding principle for all new IT initiatives and IT actions delegated to the Agency by the European Commission.

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<sup>(22)</sup> [European Commission Digital Strategy – C\(2022\) 4388 final](#)

<sup>(23)</sup> Objective #2 Digital-ready EU policymaking is not applicable to EISMEA as it refers to the legislative process of policymaking in the policy cycle.

**Objective #5 (CDS) - Sustain a green, secure and resilient infrastructure:** EISMEA increased its effort and capabilities to respond to IT security threats. Following the IT Governance and IT Security requirements of the European Commission, the agency updated



its security plans and implemented risk mitigation measures for its IT tools as well as cyber awareness campaigns. As part of its greening strategy and to save costs, EISMEA decommissioned its local IT infrastructure in favour of European Commission procured Cloud Infrastructure. EISMEA also began implementing “digital

frugality” measures based on a staff initiative to reducing CO2 emissions and improving the workplace.

## Information and IT security rules

EISMEA reinforced its IT security team and actions based on IT Security Risk Management methodology and Governance Risk Compliance (GRC) of the European Commission. EISMEA updated its security plans and implemented risk mitigation measures for its major IT and information systems. EISMEA with other executive agencies hosted a DIGIT organised Cybersecurity roadshow for all staff.

## Data, information and knowledge management

EISMEA followed the corporate principles for data governance for EISMEA's key data assets, including the use of European Commission Publications Office methodologies and tools to manage taxonomies in the context of the European Innovation Council IT Tools. In 2024, EISMEA further expanded its Intranet and the use of Microsoft 365. The Agency also reinforced its team and capabilities for data visualisation and reporting.

## Data protection

EISMEA continued to actively monitor compliance with the Data Protection Regulation (EU) N° 2018/1725 and its data protection action plan, taking into account IAS audit recommendations on processing of personal data. The agency provided eight awareness and training opportunities (including European Data Protection Day events and sessions for newcomers), as well as specific support to teams as needed. EISMEA continued to raise awareness on data breaches and data subject rights and continued to update its data protection notices and to publish its records.



### 3.3. Sound environmental management

In November, EISMEA adopted its Greening Strategy 2025-2028, marking an additional step in its commitment to sustainability and environmental responsibility. The strategy lays out a series of practical actions aligned with the European Green Deal and the European Commission's goal of reaching climate neutrality by 2030. As part of the agency's awareness-raising on the Greening Strategy, staff were reminded in particular of the new missions' guidance and the importance of making greener travel choices.



On 2-6 December, an inter-agency Green Week was organised for the first time jointly by the six Executive Agencies, incorporating online and in-person events. EISMEA raised staff awareness on digital pollution by leading an online session on Digital Frugality. The session was complemented by an internal awareness-raising campaign on the same topic.

To promote sustainable choices during Green Week, the Greening Groups / EMAS Correspondents of REA, EISMEA and EACEA introduced two meat/fish-free days in the staff canteen as a pilot project.

As highlighted in annex 10, the agency stayed largely on track in following other planned environmental actions to support the Commission's commitment to implement the objectives of the Green Deal.

### 3.4. Examples of economy and efficiency

**Increasing the use of digital platforms for HR services to ensure a more efficient and effective use of the administrative budget:** In 2024, the Agency reinforced the horizontal IT team and reporting capabilities in view of implementing the needed IT tools to support the daily work and improve the efficiency of the HR team. The analysis of the information collection, data management and reporting needs in 2024 will lead to the development of concrete solutions in 2025.

**Increasing the use of collaborative IT tools to ensure that data becomes more searchable and shareable among staff:** EISMEA increased the use of collaborative applications largely based on SharePoint capabilities (see section 3.2 above).