

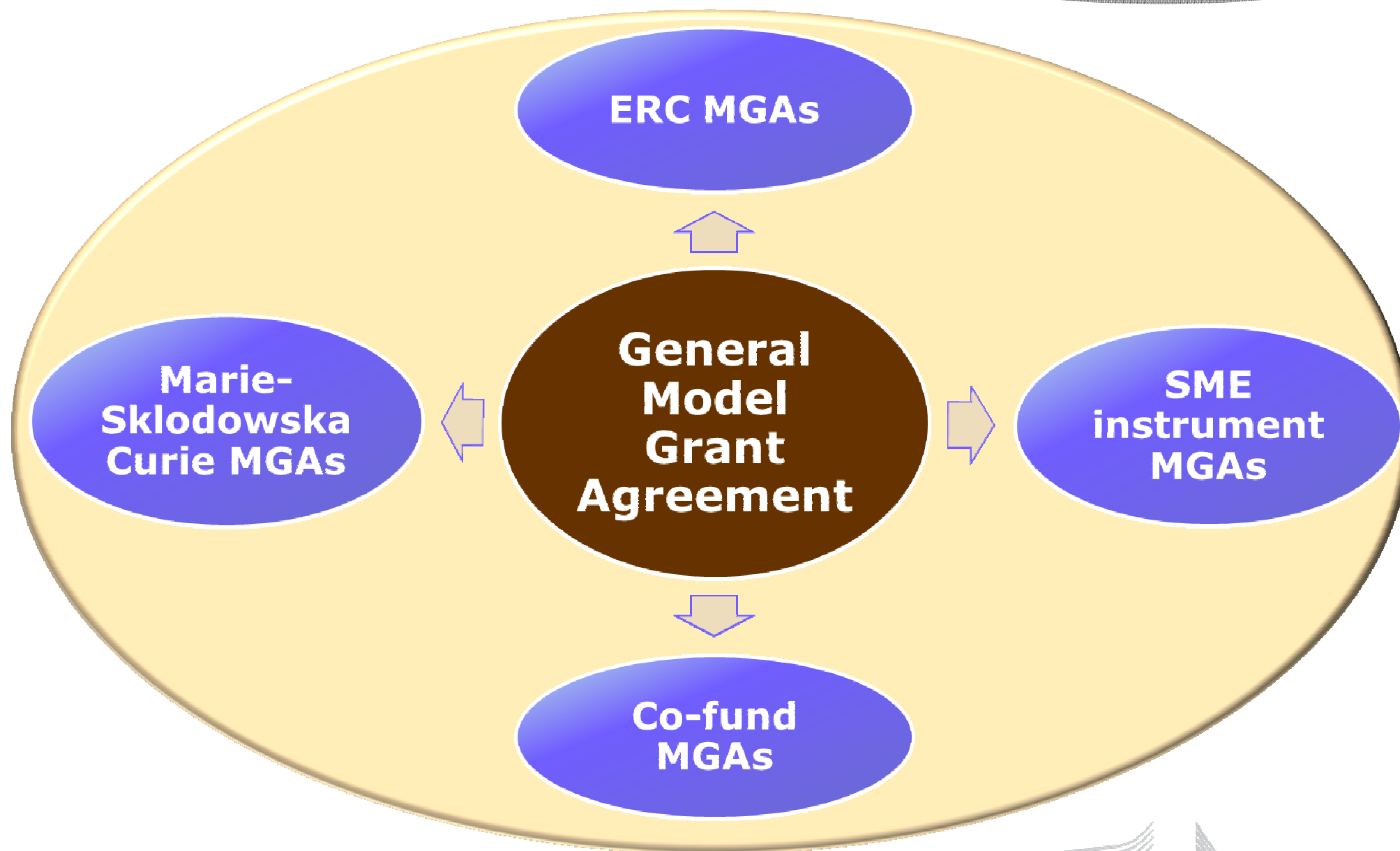


HORIZON 2020

Model Grant Agreement LEGAL AND FINANCIAL ISSUES

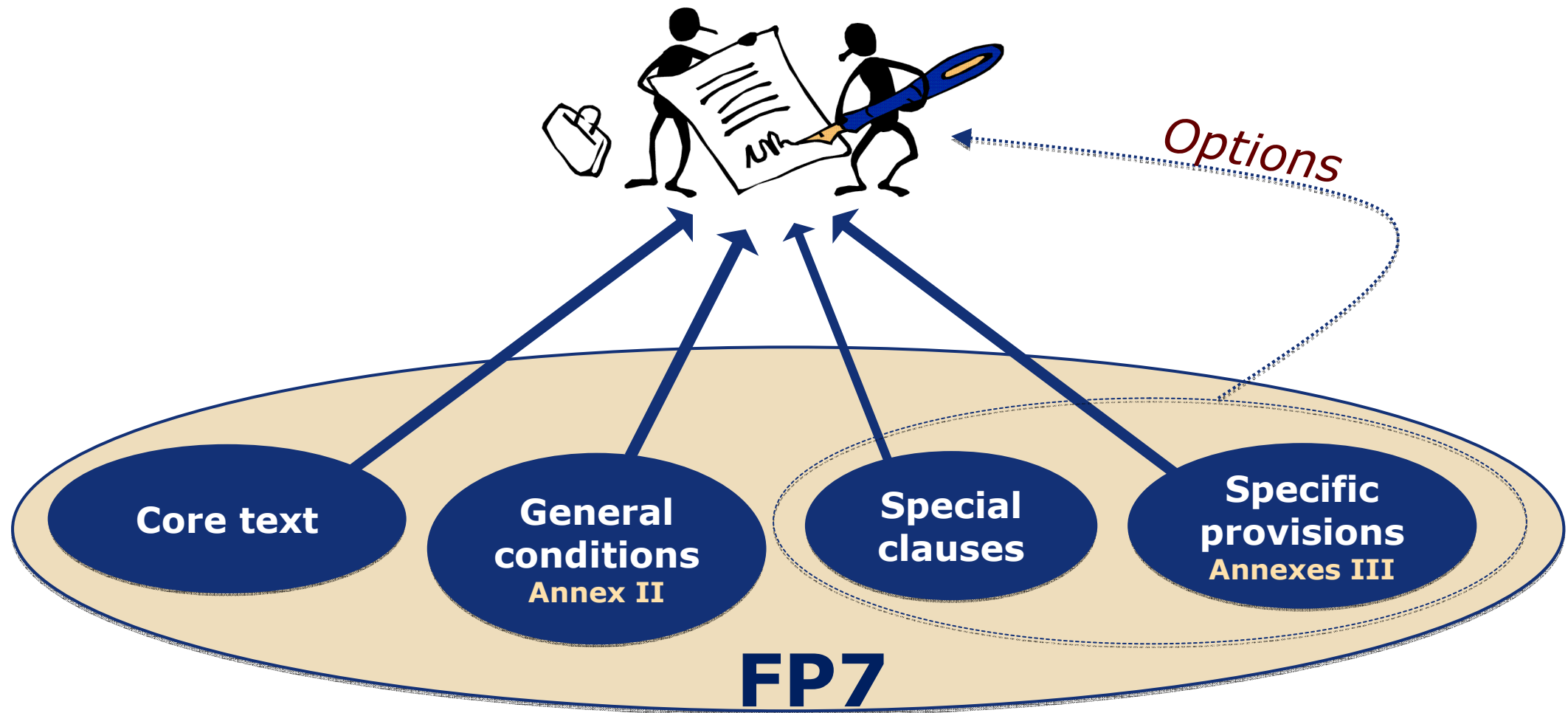
Horizon 2020 model Grant Agreement:

Specific models



Horizon 2020 model Grant Agreement:

A single document with all provisions



H2020 Grant Agreement

Chapter 1: General

- Single article: subject of the agreement

Chapter 2: Action

- Action, duration and budget

Chapter 3: Grant

- Amount, reimbursement rates, eligible costs

Chapter 4: Rights and obligations

- To implement the action: resources, in-kind contributions, subcontracts
- Grant administration: reporting, payments, audits
- Background and results: access rights, protection of results, exploitation, dissemination
- Others: gender equality, ethics, confidentiality

Chapter 5: Division of roles

- Roles and responsibilities, internal arrangements

Chapter 6: Rejection, reduction, penalties, termination, etc.

- Rejection, reduction, recovery and penalties
- Suspension and termination of the action

Chapter 7: Final provisions

- Accession, entry into force, amendments, applicable law

Horizon 2020 model Grant Agreement:

Annexes to the grant



Annex 1: **Description of the action**

Annex 2: **Estimated budget**

Annex 3: **Accession Forms, 3a & 3b**

Annex 4: **Financial statements**

Annex 5: **Certificate on the financial statements**

Annex 6: **Certificate on the methodology**

Reimbursement rate



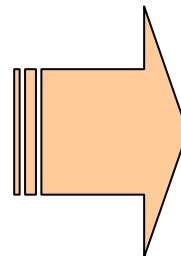
Maximum reimbursement rates	Research and technological development activities (*)	Demonstration activities	Other activities
Network of excellence	50% 75% (**)		100%
Collaborative project****)	50% 75% (**)	50%	100%
Coordination and support action			100% (***)

(*) Research and technological development includes scientific coordination.

(**) For *beneficiaries* that are *non-profit public bodies*, secondary and higher education establishments, *research organisations* and *SMEs*

(***) The reimbursement of indirect eligible costs, in the case of coordination and support actions, may reach a maximum 7% of the direct eligible costs, excluding the direct eligible costs for subcontracting and the costs of resources made available by third parties which are not used on the premises of the *beneficiary*.

(****) Including research for the benefit of specific groups (in particular SMEs)



One project = One rate
for research actions

- ✓ For all beneficiaries and activities in the grant.
- ✓ Defined in the Work Programme:
 - Up to 100 % of the eligible costs for **research actions**;
 - Up to 70 % for **innovation actions** (exception for non-profit organisations – up to 100%).

Forms of costs

Actual costs

- Costs actually incurred, identifiable and verifiable, recorded in the accounts, etc.



NEW: non-deductible VAT paid is also eligible

Unit costs

- A fixed amount per unit determined by the Commission.
Example: SME owners' unit cost
- For average personnel cost (based on the usual accounting practices)

Lump sum

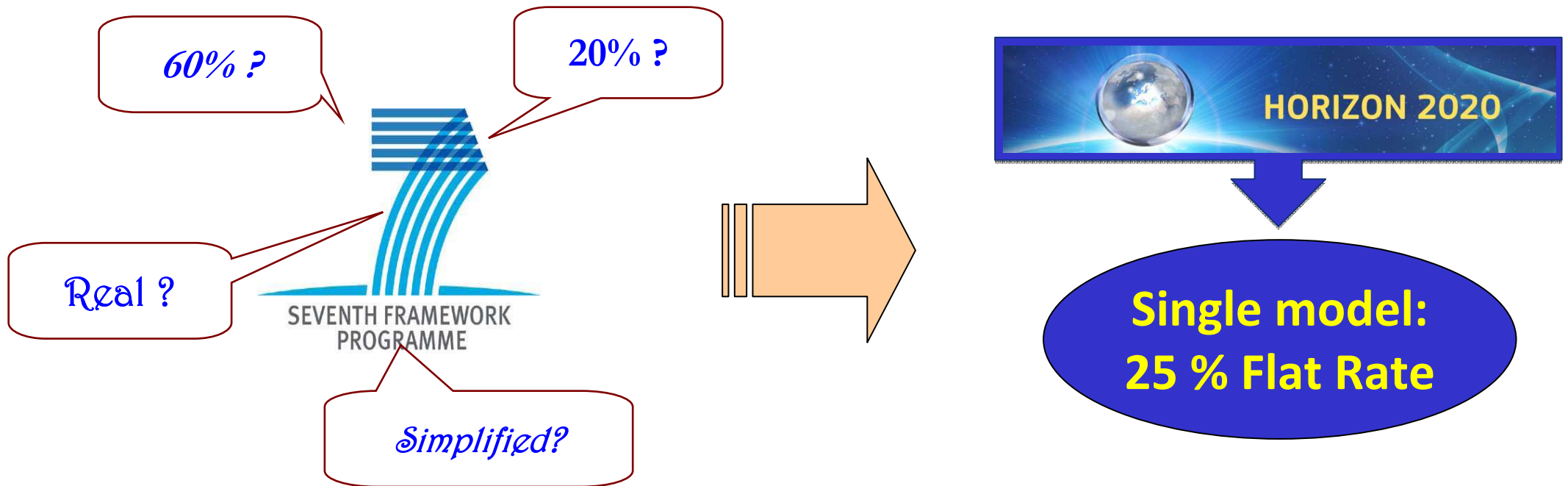
- A global amount to cover one or several cost categories
Example: Phase 1 of the SME instrument

Flat rate

- A percentage to be calculated on the eligible costs

Single FLAT RATE for indirect costs

Simplifying project management and removing recurrent errors.



Budget categories and Forms of costs

FORMS OF COSTS	BUDGET CATEGORIES					
	DIRECT COSTS				INDIRECT COSTS	SPECIFIC CATEGORIES OF COSTS
	Personnel	Subcontracting	Financial support to 3rd parties	Other		
Actual costs	✓	✓	✓	✓	✗	✗
Unit costs	Yes for - Average personnel costs - SME owners & natural persons without a salary	✗	✗	✗	✗	Yes if foreseen by Comm. Decision
Flat-rate costs	✗	✗	✗	✗	✓	✗
Lump sum costs	✗	✗	✗	✗	✗	Yes if foreseen by Comm. Decision

Budget categories: budget transfers

Estimated eligible* costs (per budget category)							
Form of costs****	A. Direct personnel costs				B. Direct costs of subcontracting	[C. Direct costs of fin. support]	D. Other direct costs
	A.1 Personnel A.2 Natural persons under direct contract A.3 Seconded persons [A.6 Personnel for providing access to research infrastructure]		A.4 SME owners without salary A.5 Beneficiaries that are natural persons without salary				D.1 Travel D.2 Equipment D.3 Other goods and services D.4 Costs of large research infrastructure
	Actual	Unit ①	Unit ②		Actual	Actual	Actual
			XX EUR/hour				
	(a)	Total (b)	No hours	Total (c)	(d)	(e)	(f)
Beneficiary 1	500.000	0	100	3.213	150.000	0	325.000
Beneficiary 2	0	300.000	0	0	0	0	125.000

Budget categories: budget transfers

Budget transfers and re-allocation	Amendment needed?
From one beneficiary to another	NO
From one budget category to another	NO
Re-allocation of Annex 1 tasks	YES
Transfers between forms of funding (actual costs, unit costs, etc.)	YES if no budget was foreseen for the "form" receiving the transfer
New subcontracts	YES (strongly advised)

Duration and start date of the action

Duration: in months, established in Article 3 GA

Start Date: established in Article 3 GA, usually the first day of a month

⇒ **By default:** the month following the entry into force

⇒ **Only if justified:** fixed date

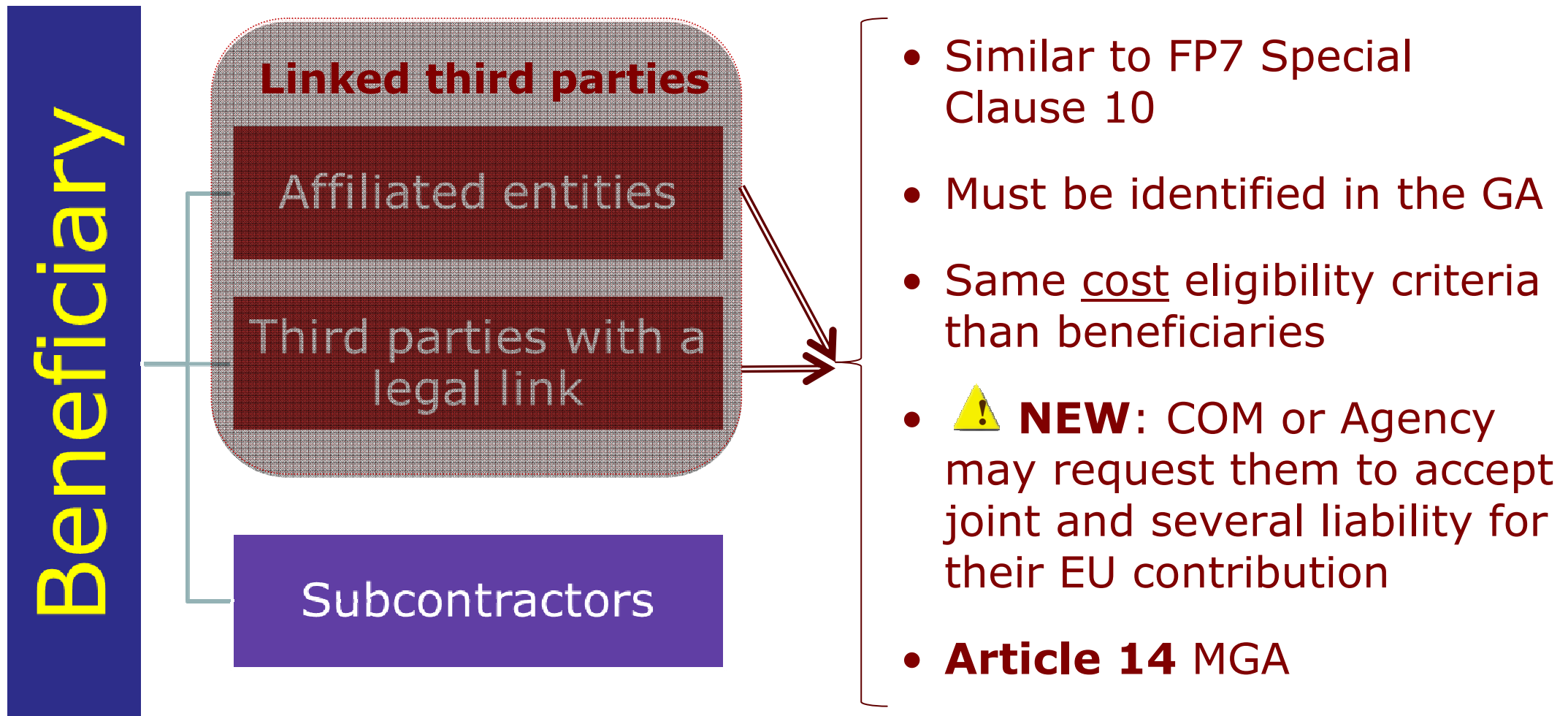
↳ **General rule:** later than the date of entry into force

↳ **Exceptionally:** between the date of the submission of grant application and the entry into force

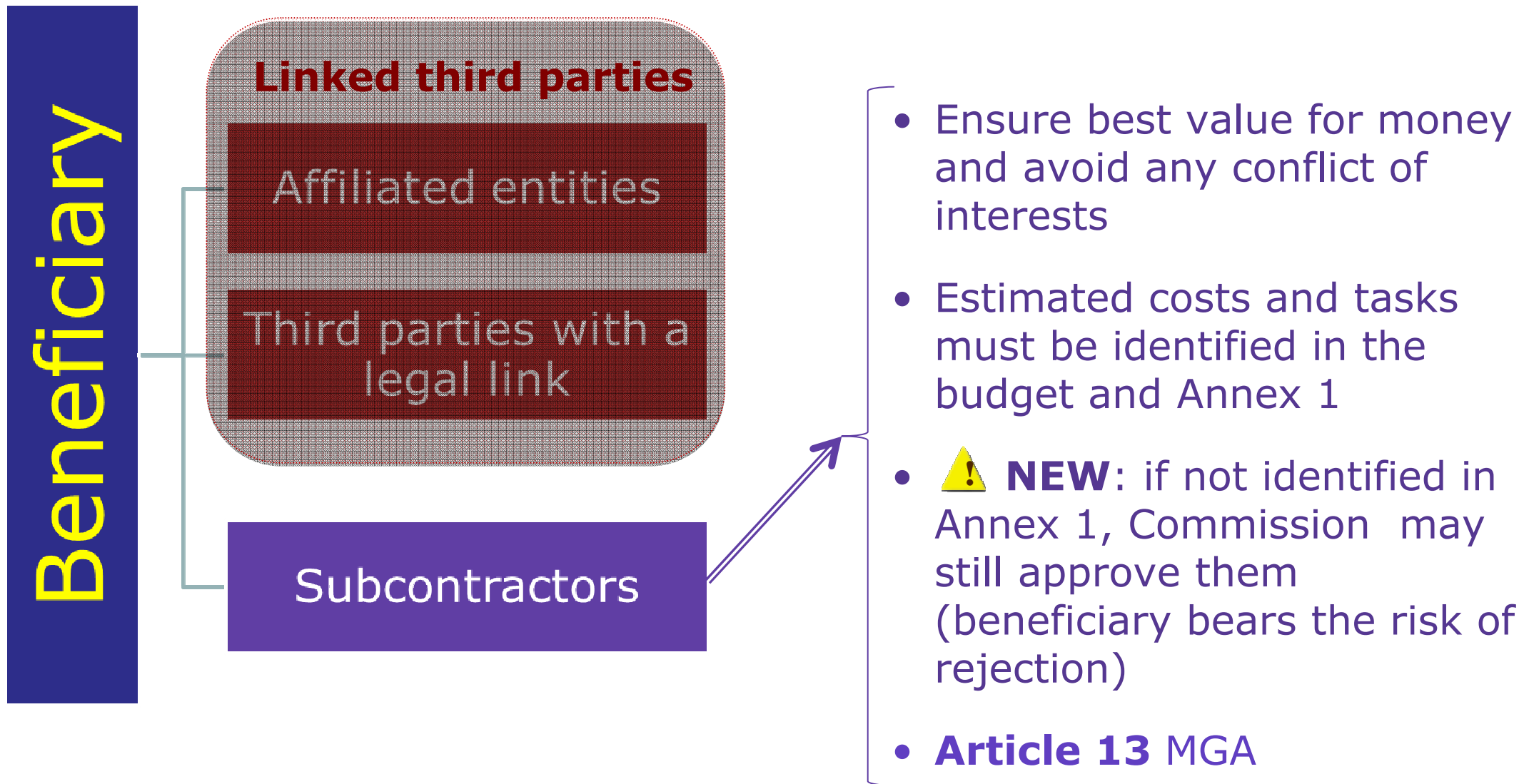
Payments

	Time-to-Pay	From
One Pre-financing	30 days	The latest between starting date and entry into force
→ Retention 5 % of maximum grant for the Guarantee Fund		
Interim Payments	90 days	From reception of periodic report
→ Based on financial statements (EU contribution= eligible costs approved * reimbursement rate)		
→ Limit = 90 % of the maximum grant (Retention 10%)		
Payment of the Balance	90 days	From reception of final reports

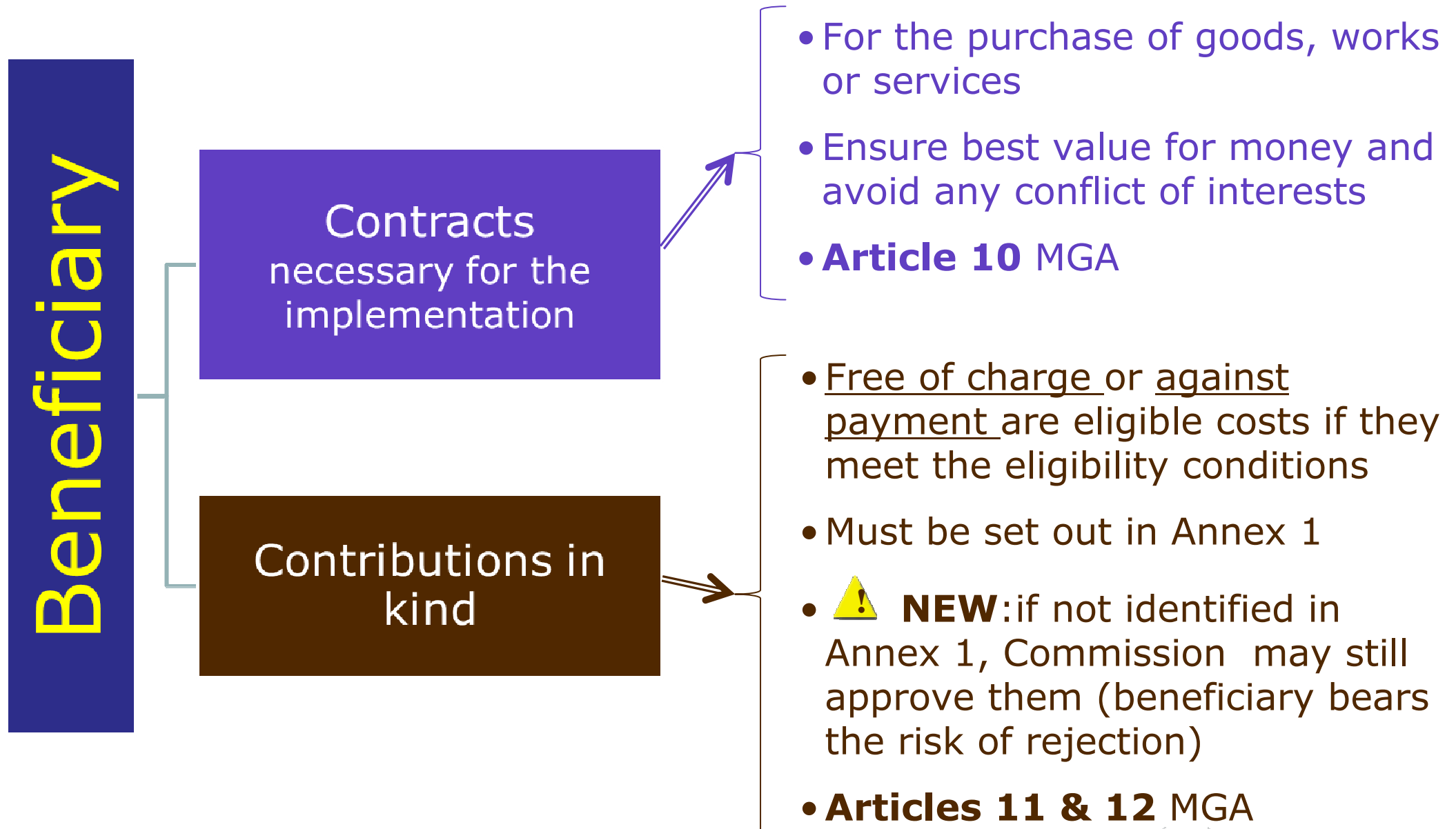
THIRD PARTIES: carrying out work in the action



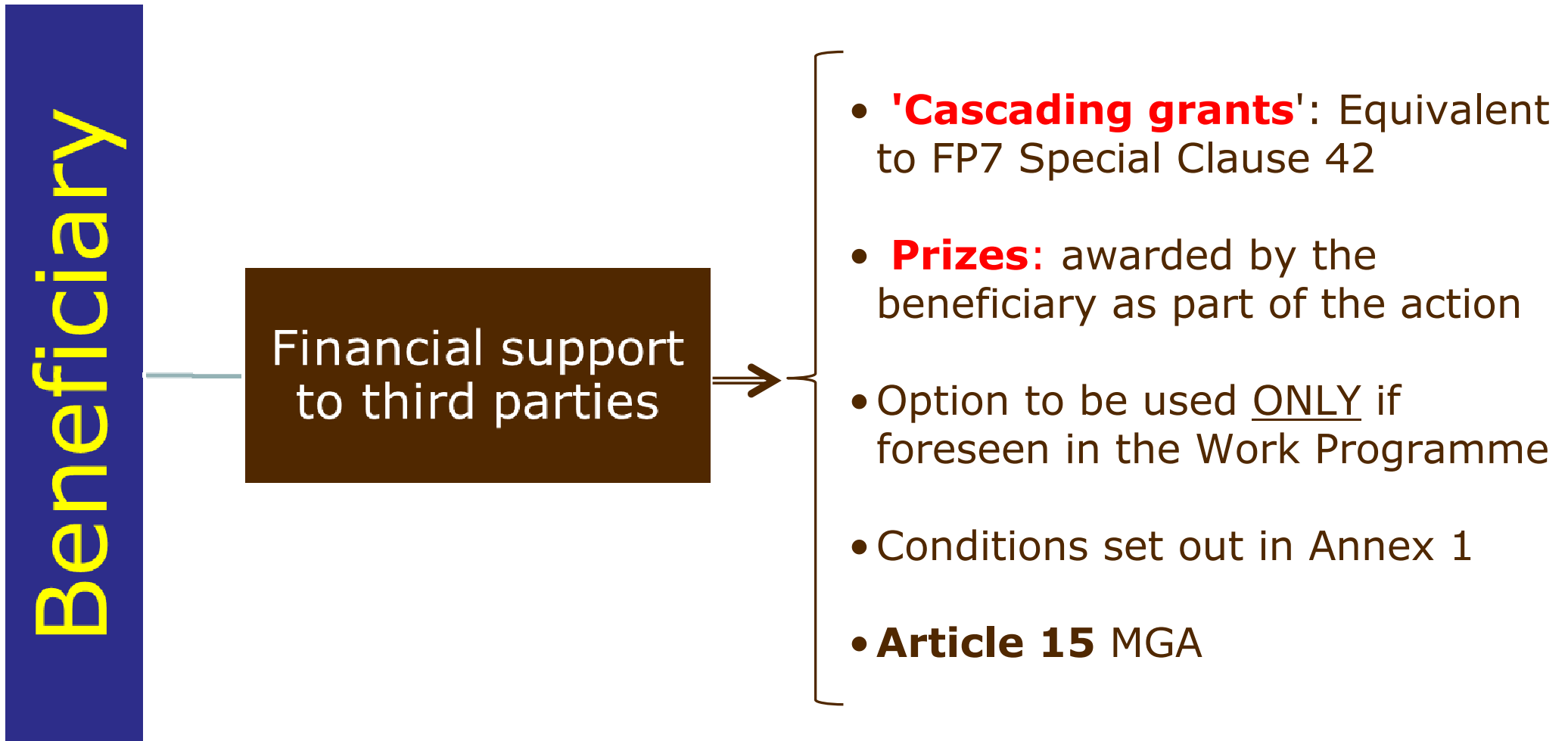
THIRD PARTIES: carrying out work in the action



THIRD PARTIES: others



Financial support to *THIRD PARTIES*



PERSONNEL COSTS: novelties

- ✓ **Less requirements for time records**

Example: No time records for researchers working exclusively on the project.

- ✓ **Wider acceptance of average personnel costs**

Broadening the acceptance of usual cost accounting practices (including cost-centre approaches) as unit costs.

- ✓ **Acceptance of additional remuneration**

→ *Limited to non-profit legal entities*

→ *Up to 8000 Euro/year/person working full-time exclusively in the action*

→ *Subject to specific conditions*



PERSONNEL COSTS: overview

CALCULATING PERSONNEL COSTS



ACTUAL PERSONNEL COSTS

Calculation method
defined in the
model GA

UNIT COSTS



**Calculated by the
beneficiary in
accordance to its
usual accounting
practices**

(Average personnel costs)



**Fixed by the
Commission**

for the owners of
SME beneficiaries
without a salary and
natural persons
without a salary

Actual personnel costs: structure

TOTAL REMUNERATION

Standard remuneration

Basic Salary



"Mandatory extras"

- Fixed by law or by contract to remunerate the main activity of the employee
- Payment not subject to discretion by the employer
- Not linked to a specific project

Examples: 13th month, hazardous work allowance, etc.

Additional remuneration

Other bonuses

- **Only eligible for non-profit legal entities**
- Subject to specific eligibility criteria
- Maybe triggered by the participation in a specific project



Hourly rate

Actual personnel costs: calculation - I

$$\text{Actual Personnel Cost} = \text{Hours worked for the project} \times \text{Hourly rate}$$

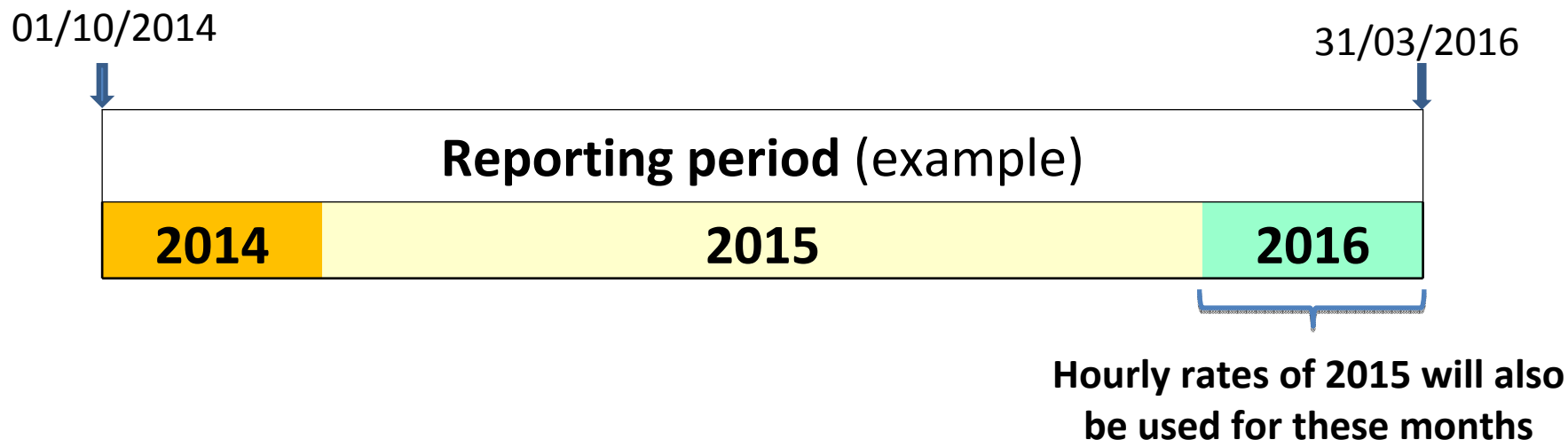
where

$$\text{Hourly rate} = \frac{\text{Annual personnel costs}}{\text{Annual productive hours}}$$

- The hourly rate is to be calculated **per financial year**
- If the financial year is not closed at the time of reporting, the beneficiary must use the last closed financial year available.

Actual personnel costs: calculation - II

Use of the last closed financial year



ADVANTAGES FOR THE BENEFICIARIES

- ➔ NO ADJUSTMENTS TO BE DECLARED IN THE NEXT PERIOD
- ➔ LEGAL CERTAINTY: NO DOUBTS ABOUT WHAT PERIOD AND WHAT DATA MUST BE USED FOR THE CALCULATION
- ➔ REMOVES ERRORS DUE TO INCORRECT CALCULATIONS FOR FRACTIONS OF A YEAR

Actual personnel costs: annual productive hours



1720 hours

Individual annual productive hours

- **Formula: annual workable hours + overtime - absences**

Standard annual productive hours

- **According to the beneficiary's usual accounting practices;
Minimum threshold: annual productive hours \geq 90 % of the
standard workable hours**

Exchange rates provisions

➤ **Beneficiary's accounts in €**

For purchases in other currencies ⇒ conversion into Euros according to its usual accounting practice

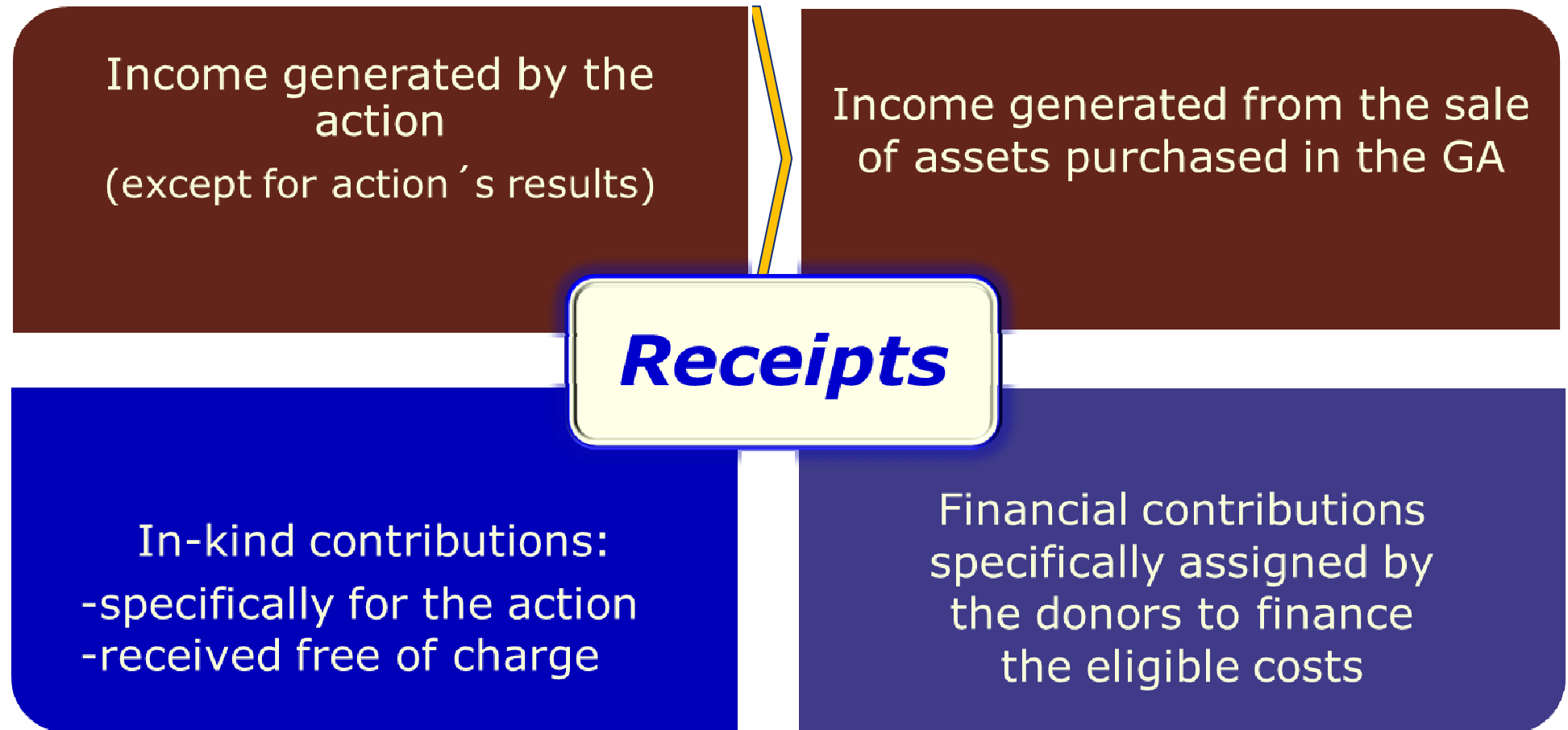
➤ **Beneficiary's accounts in other currency**

Average of the daily exchange rates published in the Official Journal of the EU calculated over the reporting period.

Calculation shortcut: you may use the editable charts on the website of the European Central Bank at:

<http://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html>

Receipts



i No-profit rule applied at project level, not per beneficiary!

Final grant amount: calculation

Step 1 — Application of reimbursement rates to eligible costs

Total approved eligible costs (*actual costs, unit costs, flat-rate and lump sum costs, if any*) X reimbursement rate (*100 % for research actions, 70% for innovation actions*)

Step 2 — Limit to the maximum grant amount

The grant amount obtained in Step 1 is capped at the maximum grant amount set out in the GA

The grant amount following Steps 1 and 2 is the lower of the two amounts.

Step 3 — Reduction due to the no-profit rule

Profit of the action = Grant amount obtained in Step 2 + Receipts – Total eligible costs of the action

If Profit > 0 → grant amount obtained in Step 2 is reduced

If Profit < or = 0 → grant amount obtained in Step 2 is not reduced

Step 4 — Reduction due to improper implementation or breach of other obligations under the GA at the payment of the balance

Final grant amount is the lower of the following two amounts:

Amount obtained following Steps 1 to 3 ⇔ Amount obtained in Step 4

Final grant amount: example

EXAMPLE				
Maximum grant amount	Approved eligible costs	Funding rate	If Receipts	If Reduction
200	220	100%	30	20

Step 1

Total approved eligible costs X reimbursement rate

$$220 * 100 \% = 220$$

Step 2

The lower between Step 1 and the maximum amount of the grant

$$\text{Lower between } (220; 200) = 200$$

Step 3

Step 2 - profit of the action (Profit **(only if positive)** = Step 2 + receipts – Eligible cost)

$$200 - (200 + 30 - 220) \Rightarrow 200 - 10 = 190$$

Step 4

The lower between Step 3 and the reduced maximum grant amount (if any reduction)

$$\text{Lower between } (190; (200 - 20)) \Rightarrow \text{Lower between } (190; 180) = 180$$

Controls and audits: ex-ante

Financial viability

- ⇒ Most beneficiaries exempt from detailed analysis; only systematic check for coordinators when requested EU funding for the action is \geq EUR 500 000

Certificates

- ⇒ **Certificate on the financial statements:** Only for final payments when total EU contribution claimed by the beneficiary on the basis of actual costs + unit costs for average personnel \geq EUR 325.000 (⚠ excluding e.g. flat rates !)
- ⇒ **Certificate on the methodology:** Optional for average personnel costs (now under unit costs)

Controls and audits: ex-post

Ex-post audits

- ⇒ Audits of the Commission limited to **two years** after the payment of the balance

Extension of audit findings

- ⇒ Former "extrapolation" (FP7) now included in the MGA
- ⇒ In the case of systemic or recurrent errors, irregularities, fraud or breach of obligations

Consortium Agreement (CA)

- **CA is mandatory unless otherwise specified in the work programme**

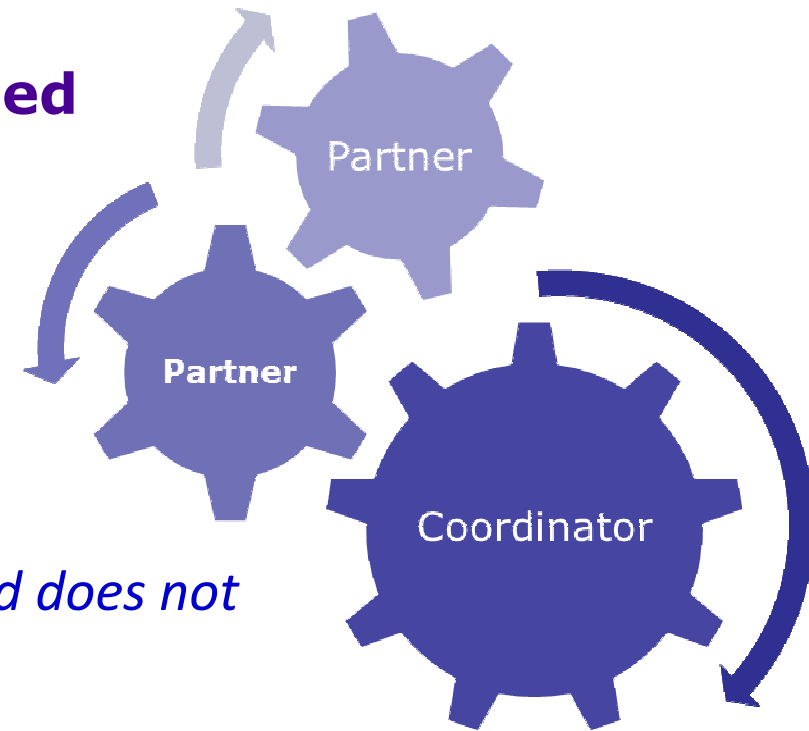
Article 41.3 of the H2020 Model Grant Agreement

- **Characteristics**

- *It is a private agreement between the beneficiaries and does not involve the EC (which, however, provides guidance).*
- *Deals with the rights and obligations of the beneficiaries amongst themselves.*

Examples: internal organisation, distribution of EU funding, additional rules on IPR, settlement of disputes, etc.

- *In principle to be concluded before signing the Grant Agreement*



Intellectual Property Rights - I

✓ **Ownership**

- for the beneficiary who generates results,
- joint-ownership only in specific circumstances;

✓ **Protection**

- where appropriate

✓ **Exploitation**

- General obligation to exploit

✓ **Dissemination**

- General obligation to disseminate



Intellectual Property Rights - *II*

✓ **Open access**

- obligatory for scientific publications and,
- to research data (in appropriate areas and if foreseen in the work programme)

✓ **Additional exploitation /dissemination obligations**

- if in the work programme

✓ **Visibility of EU funding**

- Use of emblem and standard sentence

✓ **Access rights**

- for implementation and for exploitation purposes (also for affiliated entities established in MS/AC)
- for the Union under all parts of the programme and for MS under 'Secure societies',

Intellectual Property Rights - *III*

- ✓ **Transfer and (exclusive) licences outside the Union/Associated Countries**
 - the grant agreement may foresee right to object if a beneficiary has received Union funding
- ✓ **Tailor-made provisions for specific actions & in the specific models**

ADDITIONAL INFO:

Participant Portal

At: <http://ec.europa.eu/research/participants/portal/desktop/en/home.html>



Horizon 2020 Annotated Grant Agreement

http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf



Horizon 2020 On-line Manual

<http://ec.europa.eu/research/participants/portal/desktop/en/funding/guide.html#>



Questions? *Research Enquiry Service*

<http://ec.europa.eu/research/enquiries>



HORIZON 2020

**Thank you
for your attention!**

Find out more:

<http://ec.europa.eu/programmes/horizon2020/>