



European
Commission



H2020-ITN-2017
Coordinators Info Day
11 December 2017

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FINANCE

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Unit REA A1***

*Disclaimer: the information provided in this
presentation is not legally binding*

Research
Executive
Agency

- 1. Project financial lifecycle**
- 2. Funding mechanism, eligibility of costs and burden of proof**
- 3. ITN Cost categories**
- 4. Financial reporting**
- 5. Useful links**



1. Project financial lifecycle

The maximum EC contribution



➤ Grant Agreement - Article 5.1

➤ Annex 2

For ETN, EJD and EID (>2 beneficiaries) actions:

➤ Based on GA (Article 4.2), no more than 40.0% of the maximum grant amount may be allocated to beneficiaries located in the same country or to any one international European interest organisation or international organisation

Payment modalities



The total amount of pre-financing and interim payments **must not exceed 90%** of the maximum grant amount.

**Pre-financing
80%**

**Interim payment
max 10%**

**Payment of
the balance**

**START of
the action**

End of RP1

**END of the
action**

Pre-financing



How much?

80% of maximum grant amount

- 75% of max grant amount → Consortium
- 5% of max grant amount → Participant Guarantee Fund

Who owns the pre-financing?

- It remains the property of the EU until the payment of the balance

How is it distributed among the beneficiaries?

- That is a decision of the consortium and should be addressed in the consortium agreement
- Coordinator must distribute the pre-financing without unjustified delay

Participant Guarantee Fund



- Set up to manage the financial risks of the action and is managed by the European Investment Bank
 - No collective financial responsibility between project beneficiaries
- 5% of the maximum Grant amount is retained from the pre-financing and paid into the Fund
- The interest generated covers the risks incurred by the non-reimbursement of amounts due by the beneficiaries
- The money paid into the Fund will be returned to the consortium with the payment of balance

The Coordinator must inform the REA as soon as possible in case of financial difficulties that any of the beneficiaries are facing.

Pre-financing



When is it paid?

- Pre-financing will be paid to coordinator within 30 days, either from the entry into force of the Agreement (see Article 58) or from 10 days before the starting date of the action (see Article 3) – whichever is later

**GA entry into force
1-Sep-2017**

**Start date
1-Jan-2018**



How much?

The total amount of pre-financing and interim payments must not exceed 90% of the maximum grant amount set out in Article 5.1.

Up to 10% of maximum grant amount:

- Based on units (costs) claimed in the 1st periodic report
- A reimbursement of accepted units (costs)

Do we need to submit documents to claim it?

- Yes → a periodic report (technical report & financial report)

Who receives the interim payment?

- Coordinator, who distributes it among the consortium

Examples



Max Grant Amount: 1,000,000 EUR

Pre-financing: 800,000 EUR

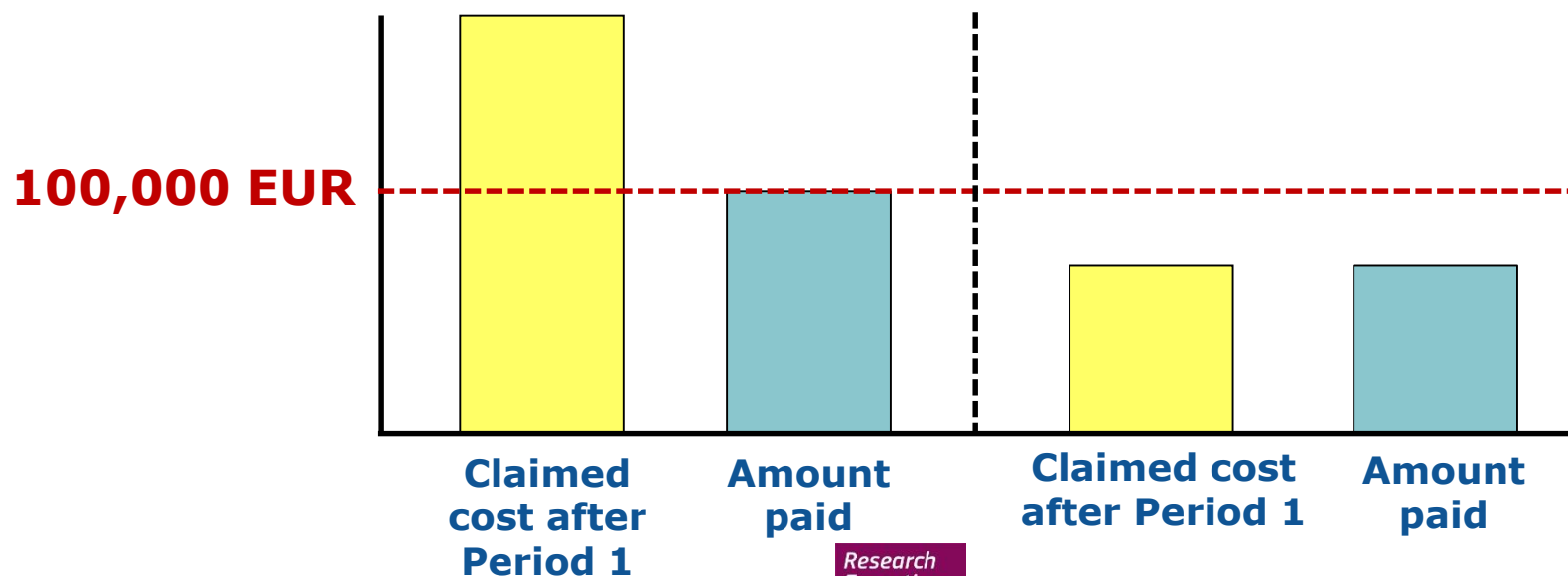
**Max
100,000
EUR**

**Balan
ce**

80%

max 10%

Interim payment



Payment of the balance



How much?

- The payment of the balance owed to the consortium based on the final accepted costs

Do we need to submit documents to claim it?

- Yes → payment is made based on the information in the submitted periodic report (technical report & financial report) and final report

What if our final costs are higher than foreseen in the GA?

- Payment is capped at the maximum amount in the grant agreement and any amounts exceeding this will not be reimbursed

What if our final costs are lower than foreseen in the GA?

- The financial settlement will be adjusted according to the implementation of the action

Who receives the payment of the balance?

- The payment is made to the coordinator who distributes it among the consortium members
- Payment of negative balance (i.e. recovery) is processed in the same way

How do we receive the Guarantee Fund amount?

- Separate transaction with the payment of the balance
- If negative balance= offsetting

2. Funding mechanism, eligibility of costs and burden of proof

Funding mechanism



- Fully based on unit costs
- 1 person-month = 1 unit
- Amounts in EUR per unit cost
- Total costs = cost per unit x number of units

1 unit
=
**1 month of
eligible ESR**

Article 6

Eligible costs => Eligible units:

- Unit costs (defined by the cost categories)
- Units incurred during the action duration
- Necessary for implementing the action
- Number of units must be identifiable and verifiable and supported with evidence
- Burden of proof of units' eligibility on the beneficiary

**1 unit
=
1 month of
eligible ESR**

Ineligible costs:

- Costs which do not comply with the conditions in the GA, costs incurred during suspension of action implementation
- Costs reimbursed under another EU or Euratom grant

Records must be kept for 5 years after payment of the balance

What records do we need to prove the number of units declared?

- Evidence of open, fair, transparent recruitment process
- Evidence of the **eligibility** of the fellow in terms of researcher experience, mobility and family status (e.g. CVs, copies of diplomas, ...)
- Employment contract/agreement with the fellow
- Proof of payment of the researcher's allowances and of the deductions for social security etc

What records do we need to prove the number of units declared?

- Evidence that the fellow was recruited and worked **full time** (unless the REA has approved otherwise) and exclusively on the action at the beneficiary's premises (or on secondment): this can include lab books, conference abstracts, library records, etc
- Records and other supporting documentation on scientific and technical implementation of the action

Timesheets for MSC Fellows

- system preferred by the auditors; if local practices don't use it then a clear and easy system to record the presence of the fellow for full time contract of employment (and/or secondment) is highly recommended

3. ITN Cost categories

Costs categories



A. Costs for Recruited Researchers

B. Institutional costs

Researcher			Institution	
<u>Living allowance*</u>	Mobility allowance	Family allowance	Research, training and networking costs	Management and indirect costs
<u>3 110</u>	600	500	1 800	1 200

***multiplied by the country correction coefficient**
(where the fellow is employed)

Base rates for 2017

1 unit
=
1 month of eligible ESR

A1. Living allowance



- Fellows should always be paid with **Employment contract** (Type A) or other direct contract with equivalent benefits
- Exception: *Fixed amount fellowship (Type B) should only be given where national regulation would prohibit the possibility of appointing a researcher under an employment contract*

What does the **Employment contract** include?

Monthly salary for the fellow before any deductions:
contributions of both employers and employees to social security,
pension, taxation.

How much?

Monthly rate: **EUR 3110***

- Multiplied by the **Country Correction Coefficient** where the fellow is hosted (Work Programme **2016-2017**)

Living allowance: FAQ



Can we pay the fellow less?

- No → Breach of the Grant Agreement
- Progressive salary is accepted as long as the fellow receives the full MSC allowances by the end of his/her fellowship

Can we pay the fellow more?

- Yes → Can be topped up from other funds

We operate on a 13 or 14 month pay regime, can we use this?

- Yes → Provided the fellow receives the full amount owed and it is clearly stated in the contract with the fellow

Do we always pay the fellow in Euro?

- No → The fellow can be paid in the local currency the equivalent of the amount due in Euro , but the costs must be reported in Euro

A2. Mobility allowance



For Whom?

All recruited fellows

How much?

EUR 600 per month

Purpose:

Contribution to household, relocation and personal travel expenses.

This allowance covers *private costs* of the researchers, *not professional costs (e.g. secondments)* (which are covered by the budget category 'research, training and networking costs') (ref AGA v4.0.1 page 424)

Mobility allowance: FAQ



Is the mobility allowance taxed?

- Usually, yes – but it depends on national taxation rules
- Some institutes **may** offer to operate this as a 'virtual real cost' category in accordance with their administrative procedures. This means that fellows can submit receipts for rent, household bills etc. to their employer which can be used to grant partial exceptions from tax (**if allowed under institutional and national rules**)

A3. Family allowance



For Whom?

All recruited fellows who have family* at the time of recruitment.

How much?

EUR 500 per month

What if the family status changes during the project?

The family allowance is calculated on the family status at the time of the **first recruitment** to the project. It does not change during the lifetime of the action

**'Family' means persons linked to the researcher by marriage (or a relationship with equivalent status to a marriage recognised by the legislation of the country where this relationship was formalised) or dependent children who are actually being maintained by the researcher*

Family allowance: FAQ



Currently:

The amount for the family allowance inserted by the system represents an average (with/without family) – *assumption that 50% of the ESRs are entitled to family allowances*. For the financial statements (Annex 4), this amount will be adjusted according to the actual family status of the recruited researchers

B. Institutional costs



The **eligibility** of the **Institutional costs** is linked to the **eligibility** of the costs for the **recruited researcher**

B1. Research, training and networking costs



How much?

Fixed amount of EUR 1 800 per implemented person-month

What is it used for?

- Research costs
- Training courses
- Participation of researchers in training events and conferences
- Secondments (including travel and accommodation)
- Co-ordination between participants
- Visa costs for recruited fellows
- Tuition fees (if any): *MSCA-ITN researchers may NOT be requested to pay tuition (enrollment etc) fees for their research training and/or PhD degree programme from their own funds.*

The use of institutional costs is decided by the beneficiary

How is it distributed between the beneficiaries?

- Calculated according to the person-months implemented per beneficiary
- The full amount must be reported by the beneficiary recruiting the fellow
- The consortium can agree to distribute it differently, in which case it should be addressed in the consortium agreement, but not in the reports

B2. Management and indirect costs



How much?

- Fixed amount of EUR 1 200 per implemented person-month

How it is split between management and overheads?

- Split between management and overheads decided by beneficiaries
- Ensure enough budget is allocated to implement the management tasks described in the Annex 1

How is it distributed between the beneficiaries?

- It is a decision of the consortium. Usually the coordinator retains the largest share of the management costs (e.g. for hiring a project manager). The distribution should be addressed in the consortium agreement

What is it used for?

- Costs associated with the preparation of the reports and other documents required by the REA:
 - Researcher declarations, deliverables, ethics, progress report, periodic and final reports
- Personnel costs of the Project Manager
- Maintenance of the consortium agreement
- The overall legal, ethical, financial and administrative management for each of the beneficiaries
- Indirect costs of the action

Transfer of funds between categories



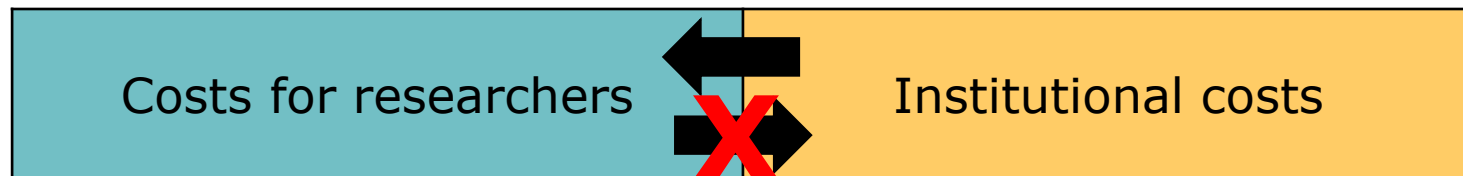
The costs for the researcher must be fully used for the researcher - Article 6.2.A(c)

Formal transfer not possible due to nature of unit costs

The use of institutional costs is decided by the beneficiary

Unused amounts of institutional costs can be used for other action-related purposes e.g.:

- to organise additional training activities
- to increase the salary of the researcher



4. Financial reporting

Researcher Declaration



Gender Researchers

New Researcher Declaration

Researcher Information Recruitment Information Recruitment Period

+ Add Period

Recruitment Period 1

Start Date 04-10-2016

End Date 12-10-2016

Working Time Commitment

Full Time

Suspension

Part Time

Maternity Leave

Paternity Leave

Recruitment Period 2

Start Date

End Date

Working Time Commitment

Delete Period

Recruitment Period 3

Start Date

End Date

Working Time Commitment

Delete Period

Ok Cancel

Full Time (100%)
Suspension (0%)
Part time (1 – 99%)
Maternity Leave (0%)
Parental Leave (0%)

Individual financial statement

Fellow's name:

Automatically filled in from Researcher Declarations

Number of units:

Automatically filled in from Researcher Declarations

Total amount:

Automatically filled in based on unit costs

MODEL ANNEX 4
STATEMENT FOR BENEFICIARY

Eligible* co-action

Name of the fellows *****	Number of units (researcher months)	Form of costs***	Unit		Unit		Unit		Unit		Reimbursement rate %	Maximum EU contribution **	Maximum grant amount
			Costs per unit	Total (a) ****	Costs per unit	Total (b) ****	Costs per unit	Total (c) ****	Costs per unit	Total (d) ****			
			Costs per unit	Total (e) ****	Costs per unit	Total (f) = (a)+(b)+(c)+(d)+(e)							
Beneficiary													
Total Beneficiary													

Checkbox: I confirm that the total amount of the allowances used (including compulsory deductions) for the researcher is equal to or higher than the living allowance, the mobility allowance and the family allowance as set out in Annex 2 of the Agreement or any underpayments in Reporting Period 1 will be corrected by the end of the action.

The beneficiary hereby also confirms that:

**All information is retrieved from Researcher Declarations (RDs)
Corrections only in RDs**

* See Article 6 for conditions for costs to be eligible

** This is the theoretical amount of EU contribution if the reimbursement rate is applied to all the budgeted costs. The theoretical amount of EU contribution for the action is capped by the maximum grant amount.

*** See Article 5 for forms of costs

**** Total = Costs per unit x Number of units (researcher months)

***** Name of the researcher and related units for living (A.1) and family (A.3) allowances will be prefilled on the basis of the information provided by the beneficiary in the 'researcher declaration'

IFS: Checkbox 1



Individual financial statement

🖨 print format A4

MODEL ANNEX 4 FOR MSC ITN

FINANCIAL STATEMENT FOR BENEFICIARY [name]

ANNEX 4

	Name of the fellows *****	Number of units (researcher months)
Beneficiary		
Total Beneficiary		

Eligible* costs (per budget category)											EU contribution			
Form of costs***	A. Costs of recruited researchers						B. Institutional costs				Total costs	Reimbursement rate %	Maximum EU contribution **	Maximum grant amount
	A.1 Living allowance		A.2 Mobility allowance		A.3 Family allowance		B.1. Research, training and networking costs		B2. Management and indirect costs					
	Unit		Unit		Unit		Unit		Unit					
	Costs per unit	Total (a) ****	Costs per unit	Total (b) ****	Costs per unit	Total (c) ****	Costs per unit	Total (d) ****	Costs per unit	Total (e) ****				
	(f) = (a)+(b)+(c)+(d)+(e)										(g)	(h)	(i)	
Total														

Checkbox: I confirm that the total amount of the allowances used (including compulsory deductions) for the researcher is equal to or higher than the living allowance, the mobility allowance and the family allowance as set out in Annex 2 of the Agreement or any underpayments in Reporting Period 1 will be corrected by the end of the action.

The beneficiary hereby also confirms that:

I confirm that the total amount of the allowances used (including compulsory deductions) for the researcher is equal to or higher than the living allowance, the mobility allowance and the family allowance as set out in Annex 2 of the Agreement or that **any underpayments in reporting period 1 will be corrected by the end of the action.**

IFS: Checkbox 2 and Confirmation



European
Commission

Individual financial statement

🖨️ print format A4

MODEL ANNEX 4 FOR MSC ITN

FINANCIAL STATEMENT FOR BENEFICIARY [name]

ANNEX 4

		Eligible* costs (per budget category)										EU contribution				
		A. Costs of recruited researchers						B. Institutional costs				Total costs	Reimbursement rate %	Maximum EU contribution **	Maximum grant amount	
		A.1 Living allowance		A.2. Mobility allowance		A.3 Family allowance		B.1. Research, training and networking costs		B2. Management and indirect costs						
		Unit		Unit		Unit		Unit		Unit						
		Costs per unit	Total (a) ****	Costs per unit	Total (b) ****	Costs per unit	Total (c) ****	Costs per unit	Total (d) ****	Costs per unit	Total (e) ****	(f) = (a)+(b)+(c)+(d)+(e)	(g)	(h)	(i)	
Beneficiary	Name of the fellows *****															
	Number of units (researcher months)															
Total Beneficiary																
Total																

Did you receive any EU/Euratom operating grant during this reporting period? ☐ YES • ☐ NO

The costs can be substantiated by adequate records and supporting documentation that will be produced upon request or in the context of checks, reviews, audits and investigations (see Articles 17, 18 and 22).

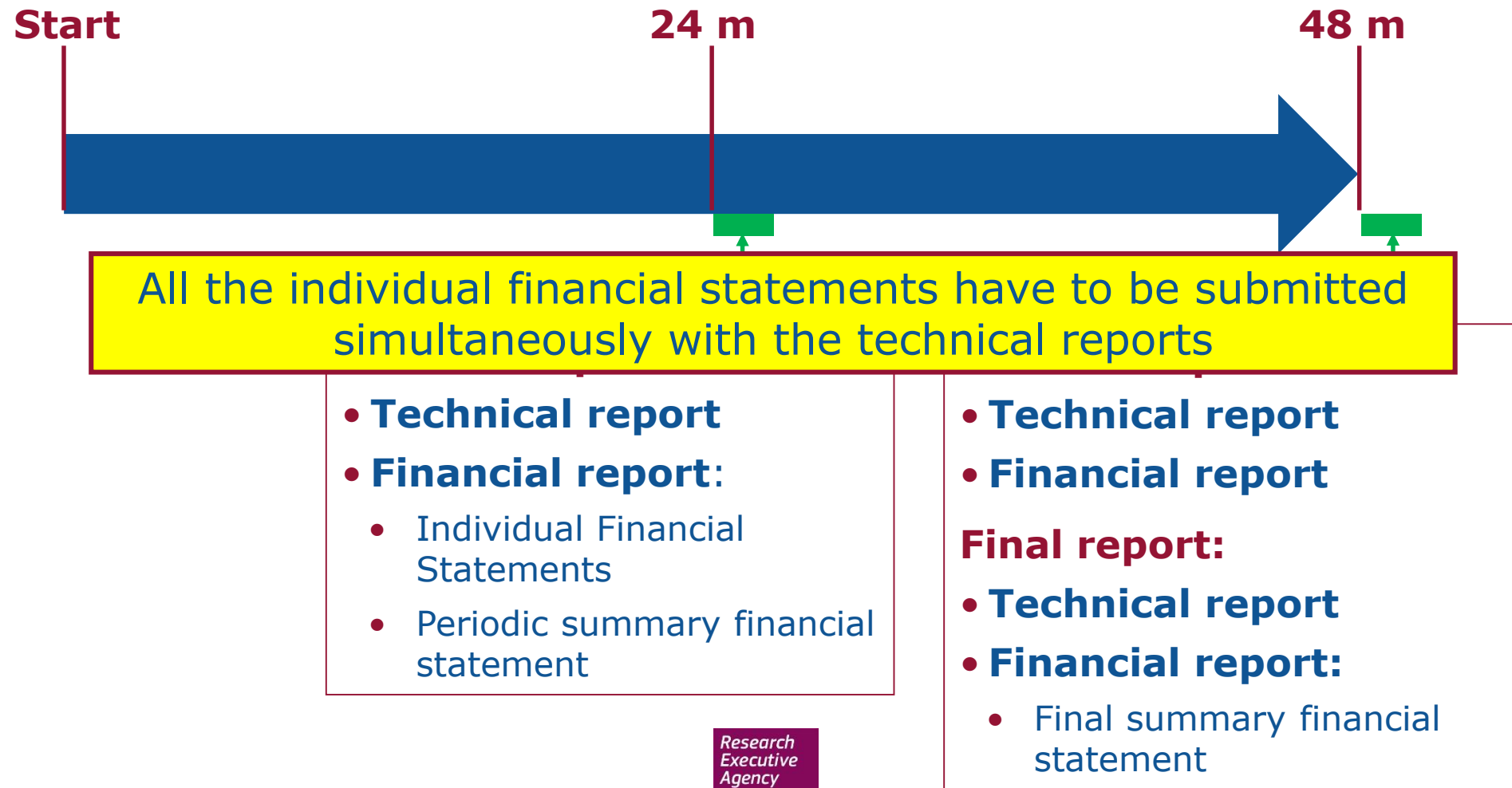
The beneficiary hereby confirms that:

The information provided is complete, reliable and true.

The costs declared are eligible (see Article 6).

The costs can be substantiated by adequate records and supporting documentation that will be produced upon request or in the context of checks, reviews, audits and investigations (see Articles 17, 18 and 22).

Single Submission



Can we submit the reports without one IFS?

- Period 1: Yes. At the final reporting the missing Beneficiary will have to submit at the end 2 IFS

Should we submit IFS with zero costs?

- Yes

How are the costs of Partner Organisations reimbursed?

- The costs of Partner Organisations can be reimbursed by one of the beneficiaries
- It is for the beneficiary(ies) and partner organisation(s) concerned to conclude a Partnership agreement on arrangements for reimbursement

Exchange rate



- Financial statements are calculated in Euro
- Beneficiaries using another currency must convert the costs into euro at the average of the daily exchange rates published in the Official Journal of the European Union, calculated over the corresponding reporting period
- Monthly allowances for the recruited researchers can be calculated using a **conservative exchange rate**, if a corrective payment is then made (to the researchers) immediately after the end of the reporting period. This must be clearly explained in the employment contract/equivalent direct contract.

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

Statistics







- + Main features
- ECB/Eurosystem policy and exchange rates
 - Official interest rates
 - Minimum reserves and liquidity
 - Eurosystem balance sheet
- + Banknotes and coins
 - TARGET balances of participating NCBS
 - Euro foreign exchange reference rates**
- + Money, credit and banking

Euro foreign exchange reference rates

The reference rates are usually updated around 16:00 CET on every working day, except on TARGET closing days. They are based on a regular daily concertation procedure between central banks across Europe, which normally takes place at 14:15 CET.

Euro foreign exchange reference rates: 16 October 2017

All currencies quoted against the euro (base currency)

Currency		Spot	Chart
 USD	US dollar	 1.1803	
 JPY	Japanese yen	 131.99	

Statistical Data Warehouse

 Time series for bilateral exchange rates





Statistics

+ Main features

– ECB/Eurosystem policy and exchange rates

Official interest rates

Minimum reserves and liquidity

Eurosystem balance sheet

+ Banknotes and coins

TARGET balances of participating NCBs

Euro foreign exchange reference rates

+ Money, credit and banking

+ Financial corporations

+ Financial markets and interest rates

Danish krone (DKK)

Latest (16 October 2017): EUR 1 = DKK 7.4439 -0.0001 (-0.0%)

Change from 16 October 2016 to 17 October 2017

Minimum (10 March 2017): 7.4331 - Maximum (13 October 2017): 7.4440 - Average: 7.4378

Select: EUR vs. DKK ▾

From: 16-10-2016 to: 17-10-2017 Zoom: 1m 3m 6m 1y 2y 5y 10y all



Do we need to submit a certificate on the financial statements (CFS) and/or financial distribution report ?

- Certificates on the financial statements (CFS) **are not required** for ITN projects for reporting purposes
- Financial distribution report might be requested in some specific cases (audit, termination of beneficiary, recovery, etc.); please check GA

Subcontracting



- The **coordinator's core tasks** cannot be delegated to another beneficiary or subcontracted to any third party (*including entities with a capital or legal link and partner organisations*) (see Article 41.2)
- **Minor tasks** may be subcontracted following internal institutional and national practices and should not be reflected in the reports

- The MSC Fellows can take maternity and parental leave in accordance with national legislation

Are the costs of the maternity/parental leave eligible under the action?

- No, the researcher's activity in the action is **suspended** during the maternity/parental leave. This period should be reflected in the Researcher's Declaration and their contract might be extended with the corresponding period within the action's duration

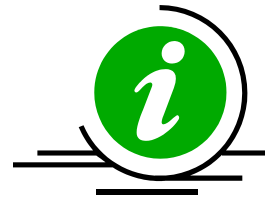
What happens if the fellow is sick?

- The fellow can take sick leave in accordance with national legislation

Are the costs of the leave eligible under the action?

- If the fellow is sick ≤ 30 days = full unit is paid
- If the fellow is sick > 30 days = no payment from day 1 (Suspension)

5. Useful links



Marie Skłodowska-Curie Actions website

<https://ec.europa.eu/programmes/horizon2020/en/h2020-section/marie-sklodowska-curie-actions>

Documents

➤ Annotated Model Grant Agreement

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

➤ Marie Skłodowska-Curie Actions Work Programme 2016-17

http://ec.europa.eu/research/participants/data/ref/h2020/wp/2016_2017/main/h2020-wp1617-msca_v1.1_en.pdf (**version 1.1**)

➤ Guide for Applicants ITN 2017

http://ec.europa.eu/research/participants/data/ref/h2020/other/guides_for_applicants/h2020-guide-appl-msca-itn_en.pdf