

# Legal and financial aspects

Information session H2020 for beginners, 21/02/2018



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# Agenda

- From budget proposal to grant amount
- What are the different project funding /reimbursement rates?
- What are eligible/ineligible costs?
- What are the different forms of cost
- What are the different budget categories?
- What are the different types of partners/beneficiaries?
- What are the most important information sources?

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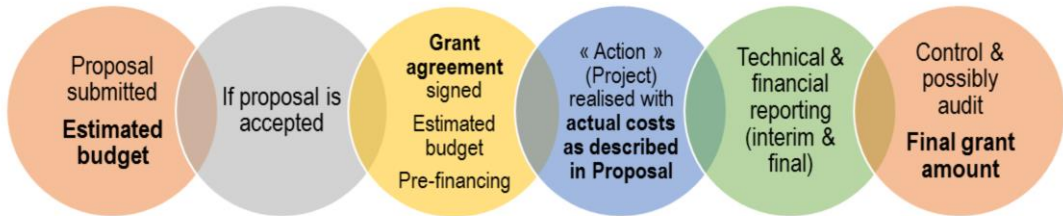
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# From budget proposal to grant amount

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Estimated budget defined per Beneficiary & tasks  
 BUT actual grant is based on the actual costs (**eligibility of costs**) & proper implementation  
 Pre-payments do not guarantee final grant amount

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This is the flowchart for stating/reporting the budget starting from the proposal phase up till during control by an auditor. The key message is that funding is not based on the estimated budget, but on actual costs, and proof of proper implementation of the activities. Pre-payments do not guarantee the final grant amount.

# Payments

	Time-to-Pay	From
<b>One Pre-financing</b>  → Retention 5 % of maximum grant for the Guarantee Fund	<b>30</b> days	From: entry into force or 10 days before the starting date (whichever is the latest)
<b>Interim Payments</b>  → Based on financial statements (EU contribution= eligible costs approved X reimbursement rate) → Limit = 90 % of the maximum grant (Retention 10%)	<b>90</b> days	From reception of periodic report
<b>Payment of the Balance</b>	<b>90</b> days	From reception of final reports

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The European Commission has set some specific deadlines of payments during the project cycle.

## Pre-financing: example

EXAMPLE			
Maximum grant amount (Article 5.1)	Funding rate	Reporting periods	Guarantee Fund (5 % x 1 000 000)
<b>1 000 000</b>	<b>100%</b>	<b>3</b>	<b>50 000</b>

Usual pre-financing = maximum grant amount / number of periods

$$1\,000\,000\text{ €} / 3 = 333\,334\text{ €}$$

Pre-financing Payment

$$\begin{array}{c} 283\,334\text{ €} \\ \text{Transferred to the} \\ \text{consortium} \end{array} + \begin{array}{c} 50\,000\text{ €} \\ \text{Transferred to} \\ \text{the Guarantee} \\ \text{Fund} \end{array} = 333\,334\text{ €}$$

The pre-financing payment depends on the amount of reporting periods that have been agreed upon and the funding rate of the project. Based on these data, the amount to be paid to the guarantee fund is established, and then as well the amount to be received as pre-financing payment. The example explains the system clearly.

## An interim payment

### When

- 90 days from reception of periodic reports

### How much

- EU contribution corresponding to the eligible costs incurred in the reporting period
- Limit = 90 % of the maximum grant amount

### Characteristics

- Ineligible costs will be rejected and not taken into account for the payment

Based on your financial report, the commission will pay back your costs reported for that period, based on actual eligible costs.

What are the different kind of projects and reimbursement rates?

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## Different kinds of projects

- Collaborative projects:
  - Research and innovation actions (RIA)
  - Innovation Actions (IA)
- Coordination and support actions (CSA)
- SME instruments (SME)
- Others in Excellence pillar (ERC, ITN, fellowships, ...)

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Depending on the type of project and type of applicant, the reimbursement rate of your costs will be different. There are several types of projects, as is listed here.

## Funding rates per type of project

- RIA and CSA:
  - 100% reimbursement
- IA:
  - Up to 70% reimbursement
  - EXCEPTION: non profit: 100% (universities, NGO's, ...)
- SME instruments:
  - Phase 1: lump sum 50.000€
  - Phase 2: 70% reimbursement
- 1 single flat rate for indirect costs: 25% (overhead)

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Here you can see the reimbursement rates of the several types of projects, combined with the type of applicant. A new type of funding rate has been installed in the last workprogramme, being lump sum funding in a RIA. More information on lump sum funding in RIA can be found on our website in a document in the item legal and financial issues: <https://www.ncpflanders.be/sites/default/files/2018-05/Summary-lump%20sum%20pilot%20Horizon%202020-25.05.2018.pdf>

# What are eligible/ineligible costs?

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## Eligible costs, must be....

- **Actually incurred** (real, not-estimated, budgeted, imputed) **during project duration** (*exception: costs related to final report*)
- Entered as eligible costs **in the estimated budget** under the **relevant budget category** (*amendments...*)
- **Connected** and essential **to the project**
- **Identifiable and verifiable** (*exception: indirect costs*)
- According to the **national accounting rules**
- According to the beneficiary's **usual accounting practise**
- Complying with **national laws** (*on taxes, labour and social security*)
- Part of a sound financial management, economy and efficiency

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As has been explained before, payment of your costs will be based in the majority of the cases on actual costs, and they have to be eligible according to the rules stated very extensively in the Annotated Model Grant Agreement. Here the most important points about eligibility.

## Ineligible costs, includes costs...

- related to drafting the Consortium Agreement (CA)
- for equipment bought **before** the project start and already fully depreciated
- related to preparing, submitting & negotiating the proposal
- **currency exchange** losses, **bank costs** for transfers, interest owed, **provisions** for future losses, **debt service** charge
- deductible **VAT**
  - Non-deductible VAT = eligible cost
  - Non-deducted (but deductible VAT) = ineligible cost

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These are the types of costs that are NOT eligible, and will be rejected if you had reported them as costs.

# What are the different forms of cost?

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## Forms of cost

- **Actual cost** – real, not estimated nor budgeted
  - Mostly used in H2020: as personnel cost, subcontracting, etc.
- **Unit cost** – amount per unit
  - Personnel cost of an SME owner
  - Clinical trial
  - Costs for energy efficiency measures
  - ...
- **Flat rate** - costs calculated by applying a percentage fixed in advance to other types of eligible costs
  - Indirect costs
- **Lump sum**- a global amount deemed to cover all costs of the action or a specific category of costs
  - Is used in Lump Sum MGA and SME Instrument MGA

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There are different forms of cost. The actual cost is the most commonly used in Horizon 2020 projects. In several occasions a unit cost can or has to be applied, such as the unit cost for personnel cost of a SME owner. Flat rate is applied solely for indirect costs,. A lump sum is used in SME instruments projects, and since 2018 in RIA in pilots projects in NMBP and Health.

## Differentiation between unit and lump sum cost - example of a lab trial

- Unit cost: determined per lab trial - costs are paid against output (individual costs are not checked)
- Lump sum: fixed amount for a whole set of lab trial tests



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# What are the different budget categories?

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## Fill in Administrative Forms – Section 3

Proposal ID

Acronym

### 3 - Budget for the proposal

Participant	Country	(A) Direct personnel costs/€	(B) Other direct costs/€	(C) Direct costs of sub-contracting /€	(D) Direct costs of providing financial support to third parties/€	(E) Costs of inkind contributions not used on the beneficiary's premises/€	(F) Indirect Costs/€ (=0.25(A+B-E))	(G) Special unit costs covering direct & indirect costs	(H) Total estimated eligible costs/€ (A+B+C+D+E+F+G)	(I) Reimbursement rate	(J) Max. grant / € (=H*I)	(K) Requested grant / €
		0	0	0	0	0	0	0	0	100	0	0
Total		0	0	0	0	0	0	0	0		0	0

- Fill in all items in white (zero if not relevant)
- Items in grey = calculated automatically

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When editing the budget proposal there are several budget categories for different cost items.

## A. Personnel cost

- Employees
  - *salaries, social security, taxes, other remuneration (from national law/employment taxes)*
- In-house consultants
  - **CONDITION:** *natural persons working under a direct contract*
  - **AND** *under beneficiaries instructions, in it's premises, costs not significantly different*
- Personnel temporary transferred from third party
  - **IF** *the beneficiary reimburses the costs (seconded staff)*

### EXCEPTIONS

- **SME owners** *not receiving a salary ( → fixed unit cost)*
- **Persons provided by interim** → *other direct costs*
- **Freelancers** *(with company) → subcontracting*

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Herewith a list of several personnel cost categories, without going into detail: employees, in-house consultants and temporary transferred personnel. Be aware that in most cases SME owners who do not receive salary should fill out a fixed unit cost (column G). The costs for personnel provided by interim have to be reported as direct costs (column B) and freelancers working within the company has to be treated as sub-contractor (column C).

## A. Personnel cost calculation (cont)

$$\text{COST} = \text{hourly rate} \times \text{hours}$$

- Hourly rate [€/h]: Actual annual personnel cost [€] / annual productive hours [h]
  - **Annual cost:** of last closed financial year (exceptions exist)
  - **Annual productive hours: 1720 h** (≈ 45 weeks of 38 h) (pro-rata for parttime)
    - option 2: individual annual productive hours (= workable + overtime – absences)
    - option 3: standard annual productive hours (= same as above for staff group)
- Hours worked on the action [h]
  - Use **time records** to prove this (not needed for persons full-time on the action)

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There are several options how to calculate the personnel cost. Herewith an overview without going into detail. All details are provided in the Annotated model Grant Agreement from p. 47 onwards.

## B. Other direct costs

- Travel costs and related subsistence allowances
  - *Follow beneficiary's usual practises*
- Equipment: depreciation costs, or cost for renting or leasing
  - *Pro rata % and time used for project*
  - *CONDITION: must be in work programme*
- Consumable and supplies
- Managerial costs
  - *E.g. dissemination material, protection of results, translations & publications, catering, meeting rooms....*

### TIP

- *Ask coordinator to suggest "averages" (e.g. 1 travel unit = 600 EUR, 2 travel units per partner, 1 extra for task/wp leaders etc)*
- *Selection criteria: same as for subcontracting*

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The items that have to be reported as other direct costs are listed here. All these items should pass the criterion “best value for money”. Be aware of the fact previously mentioned, that also costs of interim personnel have to be reported in column B.

## C. Subcontracting

- Concerns the **implementation of the action tasks**
  - *Must be indicated in annex 1 - e.g. "Company X will execute part of the research tasks instead of beneficiary (T3.4)"*
- Limited to price paid, related duties, taxes and charges
  - *Eg. Non-deductible VAT*
- No subcontracting between partners!

### ATTENTION

- *Selection by **fair, transparant and efficient process***
- *Purchase should ensure **best value for money or – if appropriate – lowest price***

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There is a possibility to work with subcontractors, and costs should be filled out in Column C. 1 condition is essential: a subcontractor concerns the implementation of an action task, which is different when you purchase goods or services as the following slide shows. And a common mistake is that applicants propose subcontracting between project partners, which is excluded.

## Subcontracting or Other Direct Cost?

Subcontracting	Other direct costs
<p><b>Implementation of action tasks</b>  <i>i.e. Third Party will execute part of the research/innovation tasks instead of Beneficiary (ex Task 3.4)</i></p>	<p><b>Buying goods and services</b>, such as  <i>Travel/subsistence costs, depreciation costs of equipment, cost for renting or leasing equipment (pro rata % and time used), consumables, dissemination material, protection of results, catering, renting of meeting rooms...</i></p>
<p><b>Must be indicated in Annex 1</b>            No subcontracting/invoicing between Partners</p>	<p>Cost of purchasing equipment ONLY if in work programme</p>

## D. Support to third parties

- Beneficiaries provide EU funding to recipient(s) that are **not party to the GA** ("cascade funding")
- **ONLY** when foreseen in the Call / Work Programme
- Either in the form of **FINANCIAL SUPPORT** or in the form of **PRIZES**. *e.g.*:
  - *Financial support to farmers testing a new agricultural technology*
  - *Awarding research scholarships in the field of the action*

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In column D you have to mention the costs related to support to third parties, also called cascade funding, and this is only possible when this option is mentioned in the call topic in the Work Programme.



## E. In-kind contribution

- **In-kind contributions:** Seconded personnel, equipment, infrastructure or other non-financial resources
- **Example:** Hospital providing medical equipment/ infrastructure to university, civil servant working for beneficiary but paid by Government (Ministry), independent unit created specifically for managing administration of EU projects of a beneficiary, ...

**! NON-PROFIT**

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This category can be used if seconded personnel from another institute takes part in the project, or if you can use AD COST an equipment at this third party (or possibly also at your premises). These costs cannot include profit.

## F. Indirect costs

- Covers “overhead” costs of the beneficiary
- Flat rate of 25% of eligible costs
  - ! excluding subcontracting costs

Project budget	Direct cost	Indirect cost
Personnel cost [€]	800,000	$800,000 \cdot 0.25 = 200,000$
Subcontracting [€]	60,000	0
Other direct costs [€]	100,000	$100,000 \cdot 0.25 = 25,000$

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In Horizon 2020 the indirect costs are calculated as a flat rate cost of 25% of your eligible costs (but subcontracting is excluded of these costs before calculating the 25%).

## G. Special unit cost

- Cfr. Slide different forms of cost:
  - Unit cost – amount per unit
    - Personnel cost of an SME owner
    - Clinical trial
    - Costs for energy efficiency measures
    - ...

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As has been stated before, in this column you state the cost of the items that have to be calculated through a unit cost, which is only possible in some predefined cases.

## 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		
<b>Actual costs</b>	✓	✓	✓	✓	✗	✗
<b>Unit costs</b>	Yes for - Average personnel costs - SME owners & natural persons without a salary	✗	✗	NEW! (2017) Yes for Internal Invoices	✗	Yes if foreseen by Comm. Decision
<b>Flat-rate costs</b>	✗	✗	✗	✗	✓	✗
<b>Lump sum costs</b>	✗	✗	✗	✗	✗	Yes if foreseen by Comm. Decision

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This scheme gives you an overview where different forms of costs can be used in which budget category. Green fields indicate that there is a possibility, in yellow blocks it is a possibility though with some restrictions, and the red boxes indicate there is no combination feasible, so eg. no flat rate costs can be used but as indirect cost.

## Example of a typical RIA budget

Typical Budget RIA	Amount in €
<i>A: Personnel</i>	170'000
<i>B1: Travel</i>	5'000
<i>B2: Equipment</i>	0
<i>B3: Goods, Works &amp; services</i>	25'000
<b>A+B: Total Direct Cost (w/o sub-contracting)</b>	<b>200'000</b>
<i>C: Subcontracting</i>	10'000
<i>F: indirect costs</i>	50'000
<b>Total estimated costs</b>	<b>260'000</b>

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Herewith an example if you take the earlier information into account.

# What are the different types of partners?

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Types of third parties	CHARACTERISTICS						
	Does work of the action	Provides resources or services	What is eligible?	Must be indicated in Annex 1	Indirect costs	Selecting the third party	Articles
Linked third party	YES	NO	Costs	YES	YES	Must be affiliated or have a legal link	Article 14
Subcontractors	YES	NO	Price	YES	NO	Best value for money, avoid conflict of interest	Article 13
International partners	YES	NO	No EU funding	YES	No EU funding	Partner to one beneficiary	Article 14a
In-kind contributions by third parties	NO	YES	Costs	YES	YES	Not used to circumvent the rules	Articles 11 and 12
Contractors	NO	YES	Price	NO	YES	Best value for money, avoid conflict of interest	Article 10
Financial support to third parties	<b>Only if allowed in the call</b> The beneficiaries' activity consists in providing financial support to the target population			YES	NO	According to the conditions in Annex 1	Article 15

In Horizon 2020 different types of third parties (not being part of the consortium) can be defined. In this table it is clearly indicated if a certain type of partner can provide resources or services as eligible costs and with more details that have to be fulfilled before they can receive budget for their activities. The articles mentioned in this table can be traced back in the Annotated model Grant Agreement.

## Linked third party...

- In the proposal, the planned involvement of all linked third parties must be described in the technical annex ("Description of Action"). In the budget table, costs and requested EU funding for linked third parties must be part of the amounts inserted for the beneficiary to which the third party is linked.
- **Exception:** In proposals **for Innovation Actions**, the costs and requested EU funding for linked third parties must be specified in the budget table separately from the costs of the beneficiary.

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It is one of the most common errors of applicants that they did not recognise that one of the partners is not a third party but rather a party linked to a beneficiary. The link with this beneficiary has to be clearly stated when editing the proposal, and its costs will be reimbursed through the beneficiary, though in Innovation actions a linked third party has to be mentioned separately in the budget.



Which are the most important information sources?

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## Information sources

### - **Participate to the Coordinators' days cfr.**

- NCP Flanders mailings
- NCP Flanders website: [www.ncpflanders.be](http://www.ncpflanders.be) – General Horizon 2020

### - **Websites/manuals:**

- Participant portal – Horizon 2020:  
<http://ec.europa.eu/research/participants/portal/desktop/en/home.html>
- Annotated Model Grant Agreement :  
[http://ec.europa.eu/research/participants/data/ref/h2020/grants\\_manual/amga/h2020-amga\\_en.pdf](http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf)
- Online Horizon 2020 Manual:  
[http://ec.europa.eu/research/participants/docs/h2020-funding-guide/index\\_en.htm](http://ec.europa.eu/research/participants/docs/h2020-funding-guide/index_en.htm)
- Beneficiary register user's guide:  
<http://ec.europa.eu/research/participants/data/support/manual/urf.pdf>

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- NCP Flanders - [www.ncpflanders.be](http://www.ncpflanders.be)
- Email: [info@ncpflanders.be](mailto:info@ncpflanders.be)

## Acknowledgment to...

- NCP Flanders: François Stassijns & Nico Deblauwe
- Sources of some slides: EU research, NCP Brussels, NCP Greece

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# Legal and financial aspects

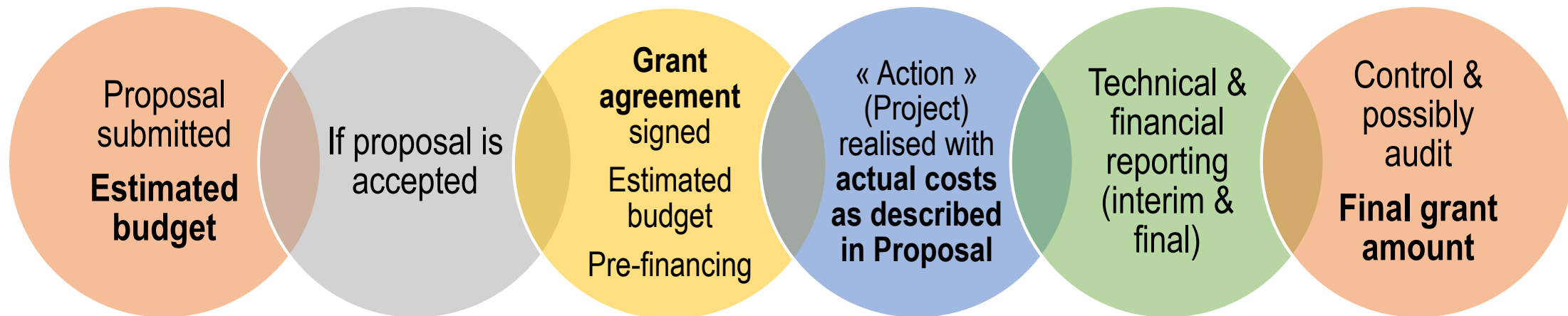
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# Pre-financing: example

EXAMPLE			
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Usual pre-financing = maximum grant amount / number of periods

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Pre-financing Payment

$$\begin{array}{l} 283\,334\ \text{€} \\ \text{Transferred to the} \\ \text{consortium} \end{array} + \begin{array}{l} 50\,000\ \text{€} \\ \text{Transferred to} \\ \text{the Guarantee} \\ \text{Fund} \end{array} = 333\,334\ \text{€}$$

## *An interim payment*

### When

- 90 days from reception of periodic reports

### How much

- EU contribution corresponding to the eligible costs incurred in the reporting period
- Limit = 90 % of the maximum grant amount

### Characteristics

- Ineligible costs will be rejected and not taken into account for the payment

What are the different kind of projects and reimbursement rates?

# Different kinds of projects

- Collaborative projects:
  - Research and innovation actions (RIA)
  - Innovation Actions (IA)
- Coordination and support actions (CSA)
- SME instruments (SME)
- Others in Excellence pillar (ERC, ITN, fellowships, ...)

# Funding rates per type of project

- RIA and CSA:
  - 100% reimbursement
- IA:
  - Up to 70% reimbursement
  - EXCEPTION: non profit: 100% (universities, NGO's, ...)
- SME instruments:
  - Phase 1: lump sum 50.000€
  - Phase 2: 70% reimbursement
- 1 single flat rate for indirect costs: 25% (overhead)

# What are eligible/ineligible costs?

# Eligible costs, must be....

- **Actually incurred** (real, not-estimated, budgeted, imputed) **during project duration** (*exception: costs related to final report*)
- Entered as eligible costs **in the estimated budget** under the **relevant budget category** (*amendments...*)
- **Connected** and essential **to the project**
- **Identifiable and verifiable** (*exception: indirect costs*)
- According to the **national accounting rules**
- According to the beneficiary's **usual accounting practise**
- Complying with **national laws** (*on taxes, labour and social security*)
- Part of a sound financial management, economy and efficiency

# Ineligible costs, includes costs...

- related to drafting the Consortium Agreement (CA)
- for equipment bought **before** the project start and already fully depreciated
- related to preparing, submitting & negotiating the proposal
- **currency exchange** losses, **bank costs** for transfers, interest owed, **provisions** for future losses, **debt service** charge
- deductible **VAT**
  - Non-deductible VAT = eligible cost
  - Non-deducted (but deductible VAT) = ineligible cost



# What are the different forms of cost?

# Forms of cost

- Actual cost – real, not estimated nor budgeted
  - Mostly used in H2020: as personnel cost, subcontracting, etc.
- Unit cost – amount per unit
  - Personnel cost of an SME owner
  - Clinical trial
  - Costs for energy efficiency measures
  - ...
- Flat rate - costs calculated by applying a percentage fixed in advance to other types of eligible costs
  - Indirect costs
- Lump sum- a global amount deemed to cover all costs of the action or a specific category of costs
  - Is used in Lump Sum MGA and SME Instrument MGA

# Differentiation between unit and lump sum cost - example of a lab trial

- Unit cost: determined per lab trial - costs are paid against output (individual costs are not checked)
- Lump sum: fixed amount for a whole set of lab trial tests



# What are the different budget categories?

# Fill in Administrative Forms – Section 3

Proposal ID	Acronym
-------------	---------

## 3 - Budget for the proposal

Participant	Country	(A) Direct personnel costs/€	(B) Other direct costs/€	(C) Direct costs of sub- contracting /€	(D) Direct costs of providing financial support to third parties/€	(E) Costs of inkind contributions not used on the beneficiary's premises/€	(F) Indirect Costs/€ (=0.25(A+B-E))	(G) Special unit costs covering direct & indirect costs	(H) Total estimated eligible costs/€ (=A+B+C+D+F +G)	(I) Reimburse- ment rate	(J) Max. grant / € (=H*I)	(K) Requested grant / €
		0	0	0	0	0	0	0	0	100	0	0
<b>Total</b>		0	0	0	0	0	0	0	0		0	0

- Fill in all items in white (zero if not relevant)
- Items in grey = calculated automatically

# A. Personnel cost

- Employees
  - *salaries, social security, taxes, other remuneration (from national law/employment taxes)*
- In-house consultants
  - **CONDITION:** *natural persons working under a direct contract*
  - **AND** *under beneficiaries instructions, in it's premises, costs not significantly different*
- Personnel temporary transferred from third party
  - **IF** *the beneficiary reimburses the costs (seconded staff)*

## EXCEPTIONS

- **SME owners** *not receiving a salary ( → fixed unit cost)*
- **Persons provided by interim** → *other direct costs*
- **Freelancers (with company)** → *subcontracting*

# A. Personnel cost calculation (cont)

$$\text{COST} = \text{hourly rate} \times \text{hours}$$

- Hourly rate [€/h]: Actual annual personnel cost [€] / annual productive hours [h]
  - **Annual cost:** of last closed financial year (exceptions exist)
  - **Annual productive hours: 1720 h** ( $\approx$  45 weeks of 38 h) (pro-rata for parttime)
    - option 2: individual annual productive hours (= workable + overtime – absences)
    - option 3: standard annual productive hours (= same as above for staff group)
- Hours worked on the action [h]
  - *Use **time records** to prove this (not needed for persons full-time on the action)*

## B. Other direct costs

- Travel costs and related subsistence allowances
  - *Follow beneficiary's usual practises*
- Equipment: depreciation costs, or cost for renting or leasing
  - *Pro rata % and time used for project*
  - *CONDITION: must be in work programme*
- Consumable and supplies
- Managerial costs
  - *E.g. dissemination material, protection of results, translations & publications, catering, meeting rooms....*

### TIP

- *Ask coordinator to suggest "averages" (e.g. 1 travel unit = 600 EUR, 2 travel units per partner, 1 extra for task/wp leaders etc)*
- *Selection criteria: same as for subcontracting*



# C. Subcontracting

- Concerns the **implementation of the action tasks**
  - *Must be indicated in annex 1 - e.g. “Company X will execute part of the research tasks instead of beneficiary (T3.4)”*
- Limited to price paid, related duties, taxes and charges
  - *Eg. Non-deductible VAT*
- No subcontracting between partners!

## ATTENTION

- *Selection by **fair, transparant and efficient process***
- *Purchase should ensure **best value for money** or – if appropriate – **lowest price***

# Subcontracting or Other Direct Cost?

Subcontracting	Other direct costs
<p><b>Implementation of action tasks</b> <i>i.e. Third Party will execute part of the research/innovation tasks instead of Beneficiary (ex Task 3.4)</i></p>	<p><b>Buying goods and services</b>, such as <i>Travel/subsistence costs, depreciation costs of equipment, cost for renting or leasing equipment (pro rata % and time used), consumables, dissemination material, protection of results, catering, renting of meeting rooms...</i></p>
<p><b>Must be indicated in Annex 1</b> No subcontracting/invoicing between Partners</p>	<p>Cost of purchasing equipment ONLY if in work programme</p>

# D. Support to third parties

- Beneficiaries provide EU funding to recipient(s) that are **not party to the GA** ("cascade funding")
- **ONLY** when foreseen in the Call / Work Programme
- Either in the form of **FINANCIAL SUPPORT** or in the form of **PRIZES**. *e.g:*
  - *Financial support to farmers testing a new agricultural technology*
  - *Awarding research scholarships in the field of the action*

# E. In-kind contribution

- **In-kind contributions:** Seconded personnel, equipment, infrastructure or other non-financial resources
- **Example:** Hospital providing medical equipment/ infrastructure to university, civil servant working for beneficiary but paid by Government (Ministry), independent unit created specifically for managing administration of EU projects of a beneficiary, ...

**! NON-PROFIT**

# F. Indirect costs

- Covers “overhead” costs of the beneficiary
- Flat rate of 25% of eligible costs
  - ! excluding subcontracting costs

Project budget	Direct cost	Indirect cost
Personnel cost [€]	800,000	<b>800,000*0.25 = 200,000</b>
Subcontracting [€]	60,000	<b>0</b>
Other direct costs [€]	100,000	<b>100,000*0.25 = 25.000</b>

# G. Special unit cost

- Cfr. Slide different forms of cost:
  - Unit cost – amount per unit
    - Personnel cost of an SME owner
    - Clinical trial
    - Costs for energy efficiency measures
    - ...

# 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		
<b>Actual costs</b>	✓	✓	✓	✓	✗	✗
<b>Unit costs</b>	Yes for - Average personnel costs - SME owners & natural persons without a salary	✗	✗	NEW! (2017) Yes for Internal Invoices	✗	Yes if foreseen by Comm. Decision
<b>Flat-rate costs</b>	✗	✗	✗	✗	✓	✗
<b>Lump sum costs</b>	✗	✗	✗	✗	✗	Yes if foreseen by Comm. Decision

# Example of a typical RIA budget

Typical Budget RIA	Amount in €
<i>A: Personnel</i>	170'000
<i>B1: Travel</i>	5'000
<i>B2: Equipment</i>	0
<i>B3: Goods, Works &amp; services</i>	25'000
<b>A+B: Total Direct Cost (w/o sub-contracting)</b>	<b>200'000</b>
<i>C: Subcontracting</i>	10'000
<i>F: indirect costs</i>	50'000
<b>Total estimated costs</b>	<b>260'000</b>



# What are the different types of partners?

Types of third parties	CHARACTERISTICS						
	Does work of the action	Provides resources or services	What is eligible?	Must be indicated in Annex 1	Indirect costs	Selecting the third party	Articles
<b>Linked third party</b>	<b>YES</b>	<b>NO</b>	<b>Costs</b>	<b>YES</b>	<b>YES</b>	Must be affiliated or have a legal link	Article 14
<b>Subcontractors</b>	<b>YES</b>	<b>NO</b>	<b>Price</b>	<b>YES</b>	<b>NO</b>	Best value for money, avoid conflict of interest	Article 13
<b>International partners</b>	<b>YES</b>	<b>NO</b>	<b>No EU funding</b>	<b>YES</b>	<b>No EU funding</b>	Partner to one beneficiary	Article 14a
<b>In-kind contributions by third parties</b>	<b>NO</b>	<b>YES</b>	<b>Costs</b>	<b>YES</b>	<b>YES</b>	Not used to circumvent the rules	Articles 11 and 12
<b>Contractors</b>	<b>NO</b>	<b>YES</b>	<b>Price</b>	<b>NO</b>	<b>YES</b>	Best value for money, avoid conflict of interest	Article 10
<b>Financial support to third parties</b>	<b><u>Only if allowed in the call</u></b> The beneficiaries' activity consists in providing financial support to the target population			<b>YES</b>	<b>NO</b>	According to the conditions in Annex 1	Article 15

# Linked third party...

- In the proposal, the planned involvement of all linked third parties must be described in the technical annex ("Description of Action"). In the budget table, costs and requested EU funding for linked third parties must be part of the amounts inserted for the beneficiary to which the third party is linked.
- **Exception**: In proposals **for Innovation Actions**, the costs and requested EU funding for linked third parties must be specified in the budget table separately from the costs of the beneficiary.

Which are the most important information sources?

# Information sources

- **Participate to the Coordinators' days cfr.**
  - NCP Flanders mailings
  - NCP Flanders website: [www.ncpflanders.be](http://www.ncpflanders.be) – General Horizon 2020
- **Websites/manuals:**
  - Participant portal – Horizon 2020:  
<http://ec.europa.eu/research/participants/portal/desktop/en/home.html>
  - Annotated Model Grant Agreement :  
[http://ec.europa.eu/research/participants/data/ref/h2020/grants\\_manual/amga/h2020-amga\\_en.pdf](http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf)
  - Online Horizon 2020 Manual:  
[http://ec.europa.eu/research/participants/docs/h2020-funding-guide/index\\_en.htm](http://ec.europa.eu/research/participants/docs/h2020-funding-guide/index_en.htm)
  - Beneficiary register user's guide:  
<http://ec.europa.eu/research/participants/data/support/manual/urf.pdf>

# Contact information

- NCP Flanders - [www.ncpflanders.be](http://www.ncpflanders.be)
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