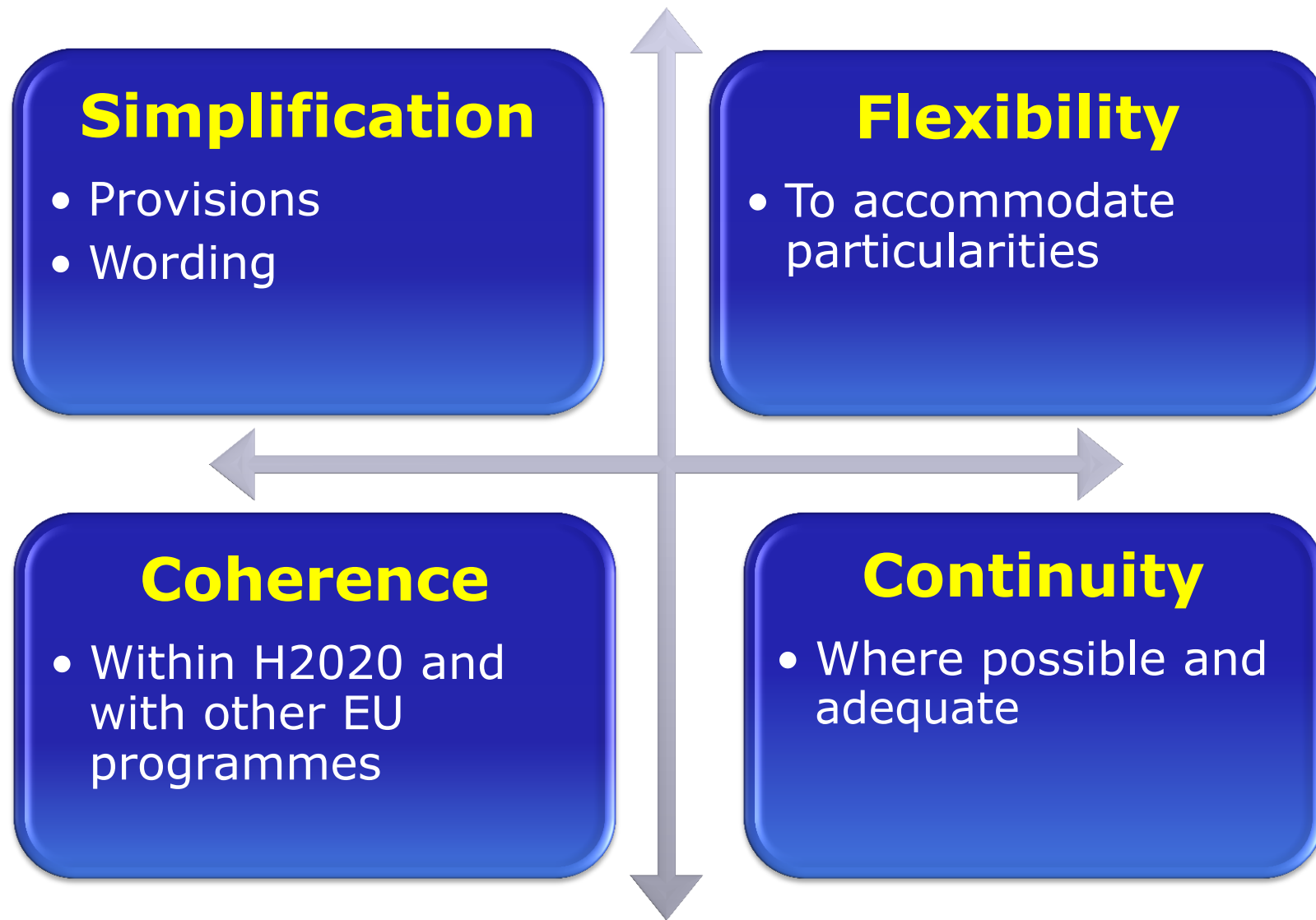




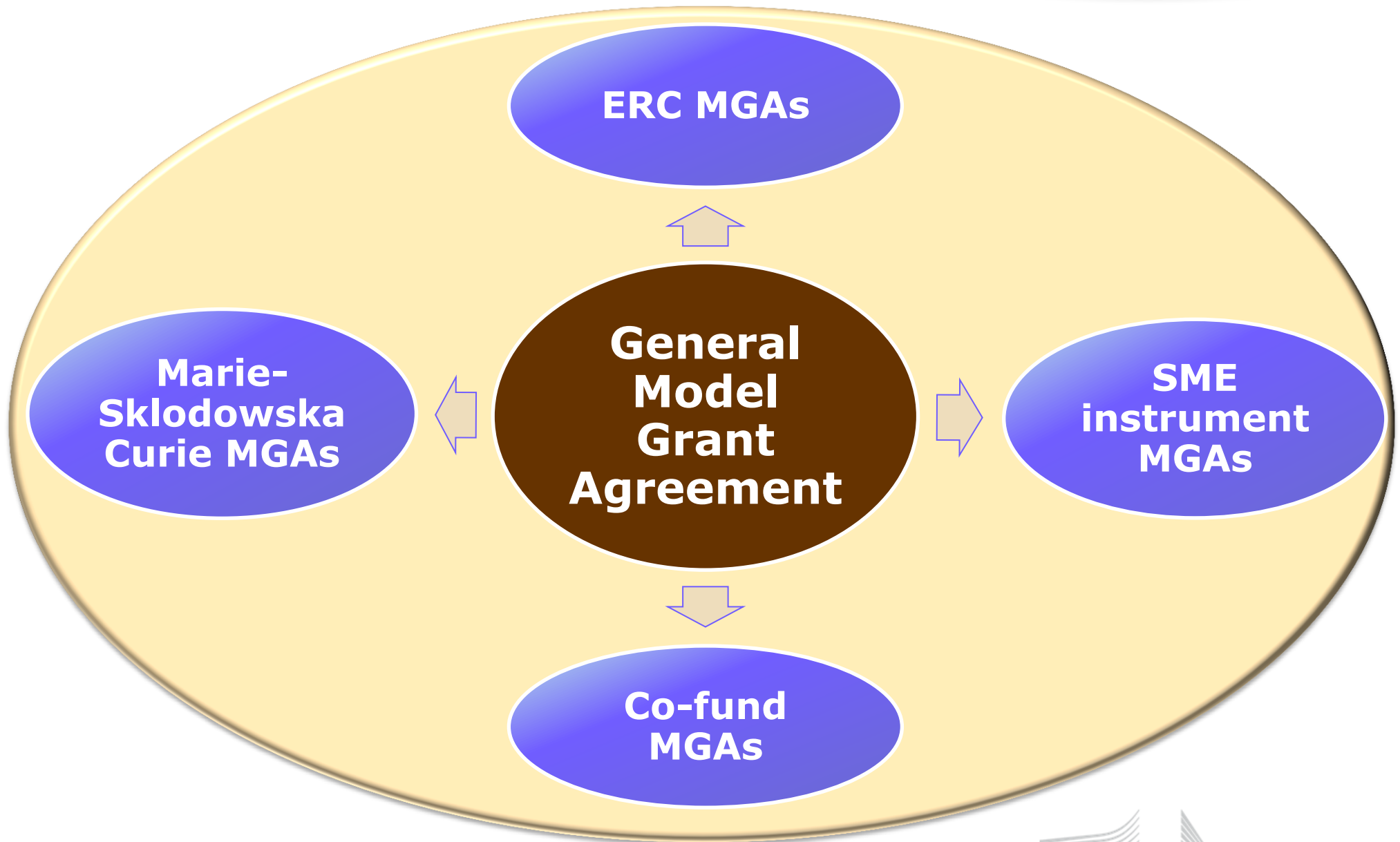
HORIZON 2020

Model Grant Agreement



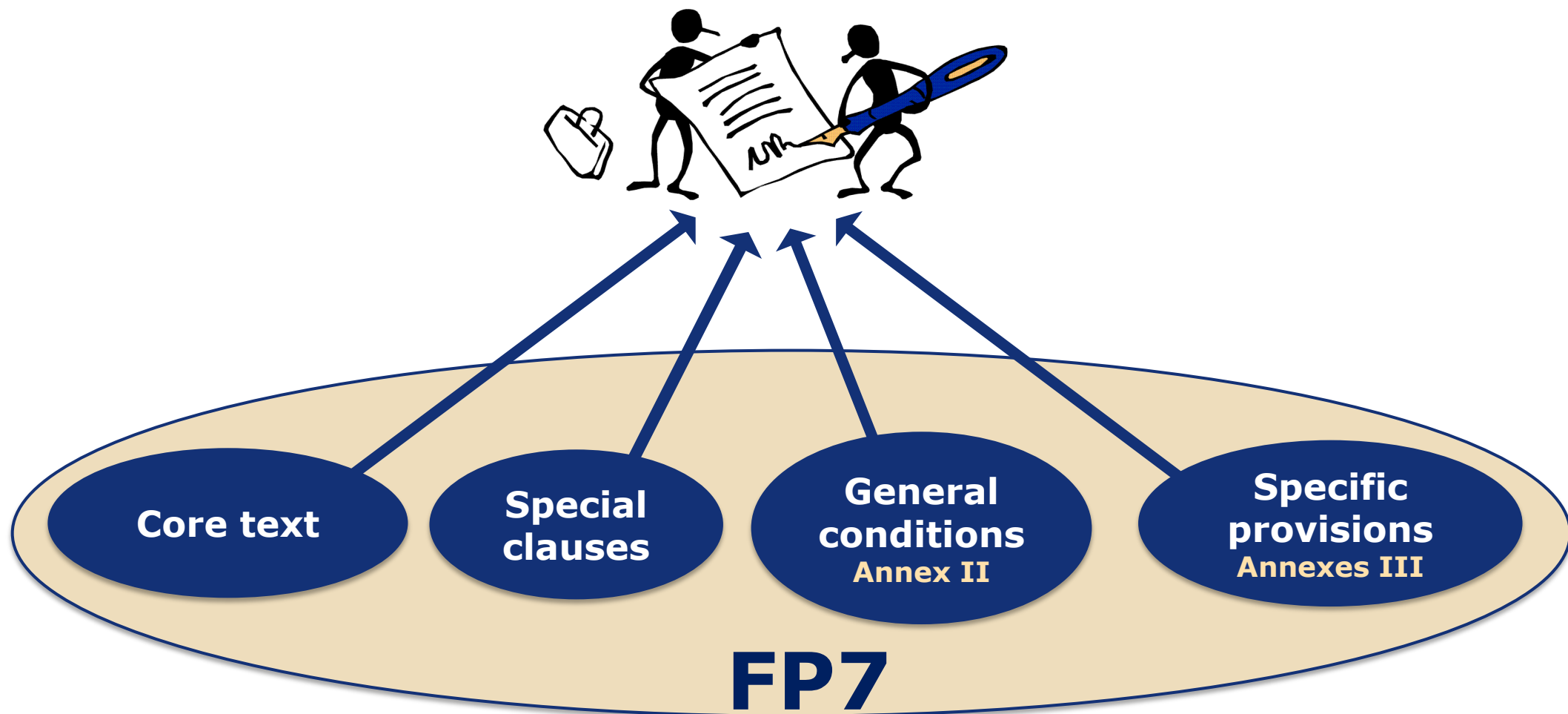
Horizon 2020 model Grant Agreement:

Specific models



Horizon 2020 model Grant Agreement:

A single document with all provisions



Electronic signature

- *Of the Grant Agreement*
- *Of the Amendments*
- *Financial Statements and Technical reports*

Communication between the Commission and the beneficiaries

- *Through the Participant Portal*
- *Electronic-only submission of reports*

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**

1. 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)

Flat rate

- A percentage to be calculated on the eligible costs
Example: Indirect costs = 25 % Direct costs

Lump sum

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

1. Forms of costs and Budget categories

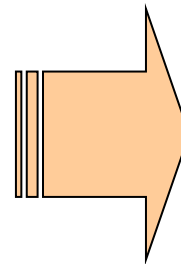
FORMS OF COSTS	BUDGET CATEGORIES					
	DIRECT COSTS				INDIRECT COSTS	SPECIFIC CATEGORIES OF COSTS
	Personnel	Subcontracting	Financial support to 3rd parties	Other		
Actual costs	✓	✓	✓	✓	✗	✓
Unit costs	Yes for - Average personnel costs - SME owners & natural persons without a salary	✗	✗	✗	✗	Yes if foreseen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

2. Funding rate



**One project = One rate
for research actions**

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% (***)



- ✓ 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%).

(*) Research and technological development includes scientific coordination.

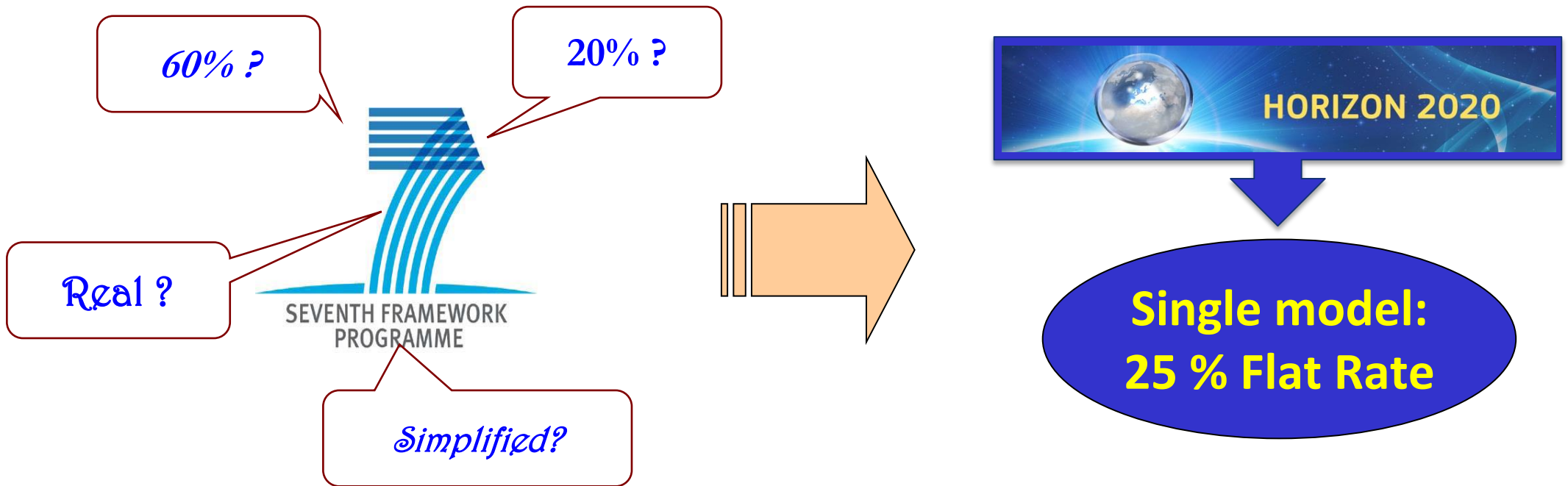
(**) For *beneficiaries* that are *non-profit public bodies*, secondary and higher education establishments, *research organisations* and *SMEs*

(***) 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)



3. Single indirect costs rate

Simplifying project management and removing recurrent errors.



4. Funding model: what impact on the EU contribution?

An example

	Direct costs	Indirect costs (60%)	Total costs	% EU contribution	EU contribution
75 / 60 Funding	100	60	160	75%	€ 120
	Direct costs	Indirect costs (25%)	Total costs	% EU contribution	EU contribution
100 / 25 Funding	100	25	125	100%	€ 125

Note: In FP7, most Universities and more than a half of the Research Organisations applied the 60% flat-rate for indirect costs.

5. 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 obtained following Steps 1 to 3 or following Step 4.

5. Final grant amount

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)

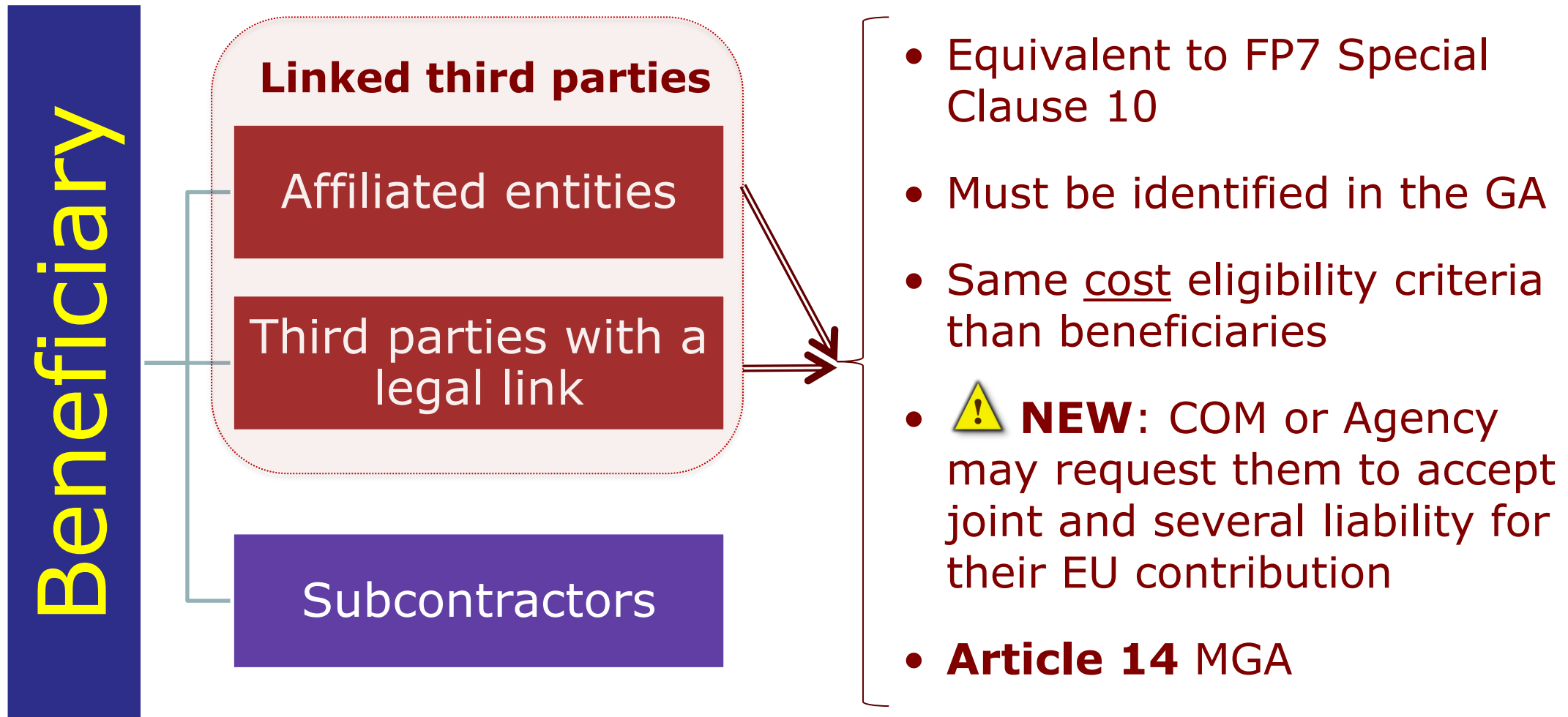
$$200 - (200 + 30 - 220) \Rightarrow 200 - 10 = 190$$

Step 4

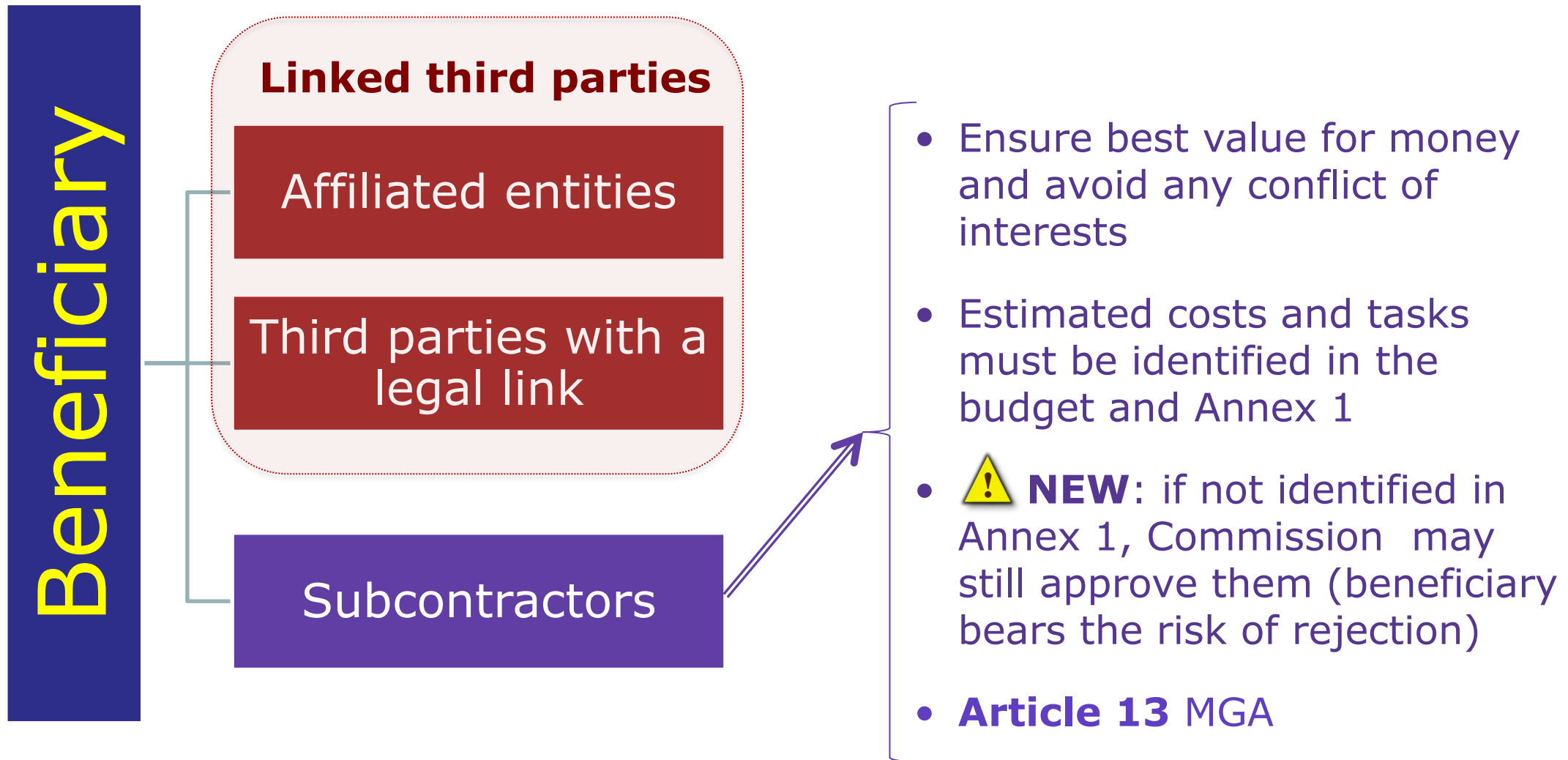
The lower between Step 3 and the reduced maximum grant amount (if any reduction)

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

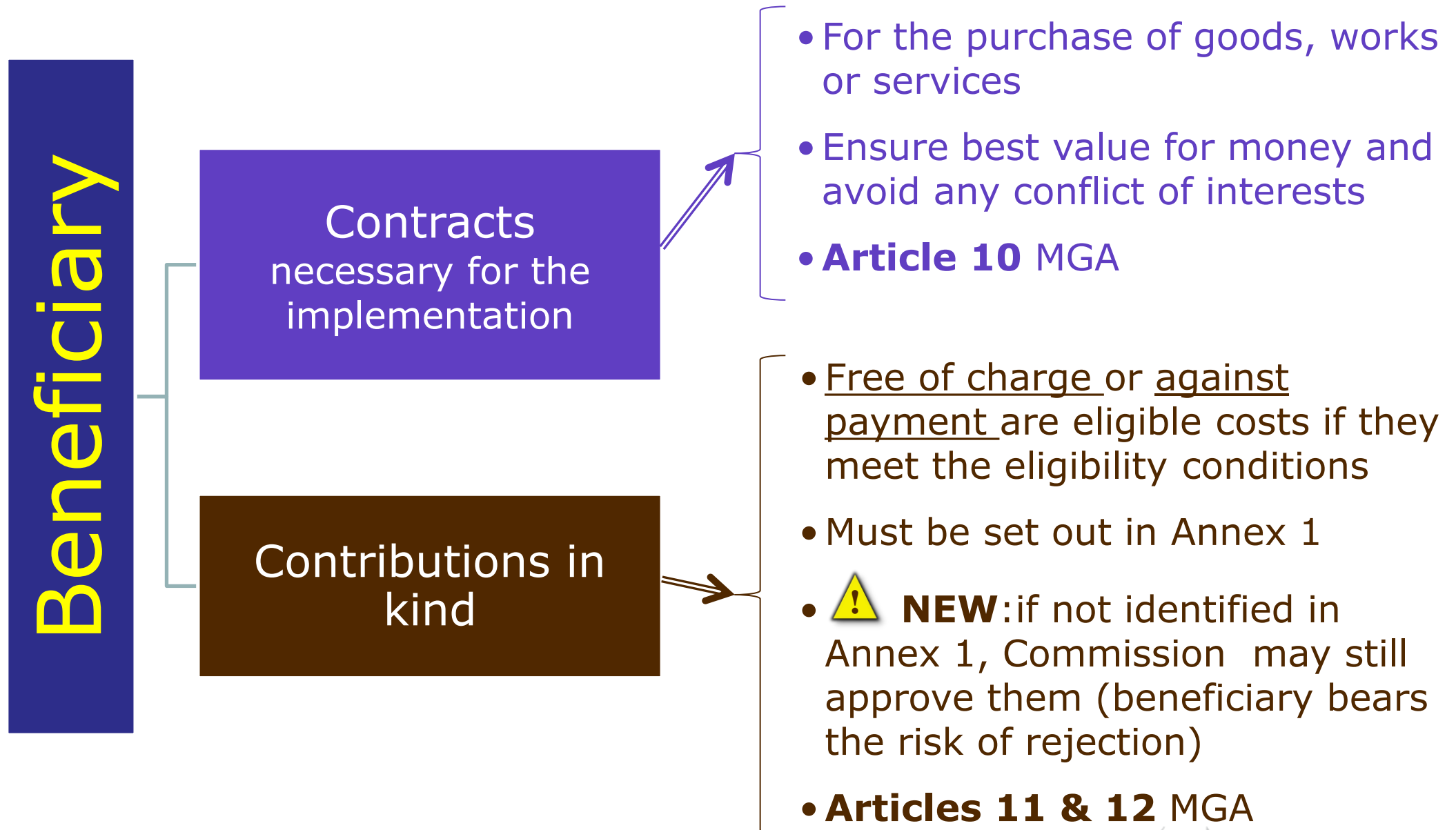
6. Third Parties: carrying out work in the action



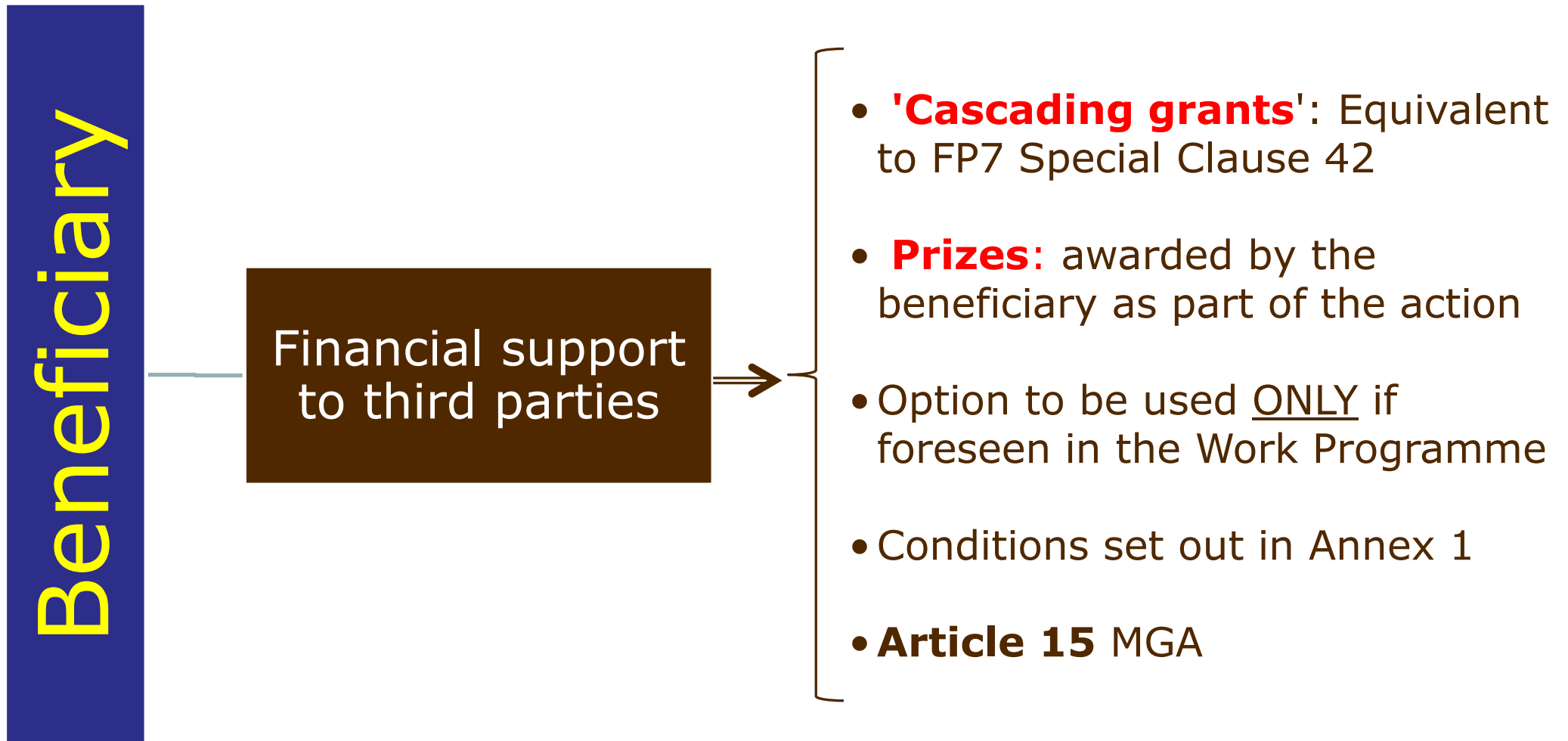
6. Third Parties: carrying out work in the action



6. Third Parties: others



6. Third Parties: Financial support



7. 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

7. 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*



8. 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

9. Actual personnel costs: calculation - I

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

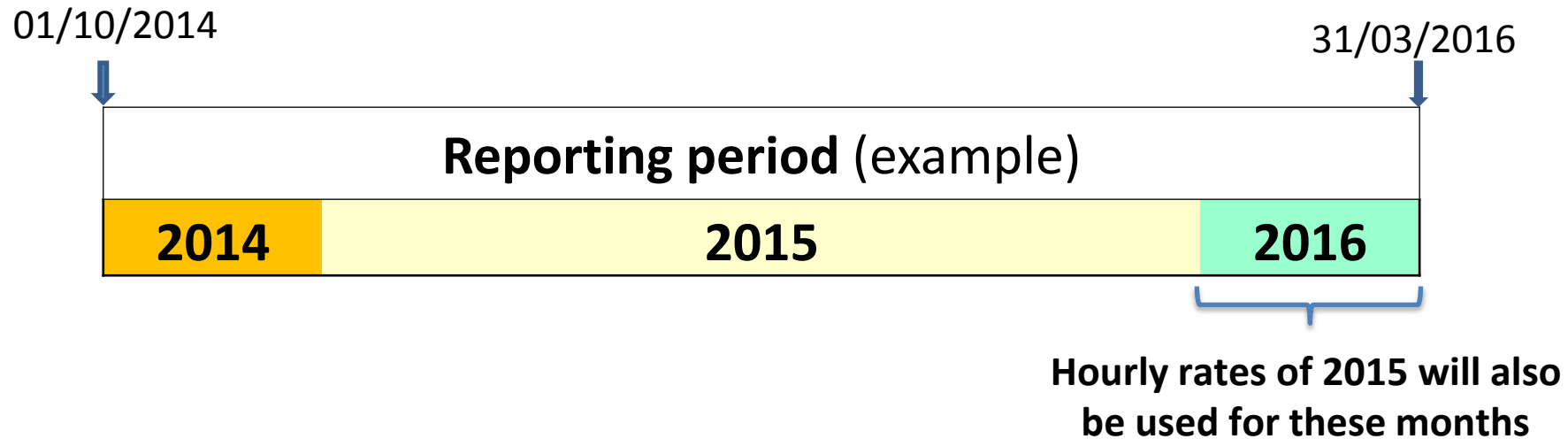
where

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

- ➔ 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.

9. 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

9. 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**

10. Large research infrastructures

The capitalised & operating costs of LRI directly used for the action if:

- ***Research Infrastructure according to FP art. 2(6)***
- ***20M€ (large)***
- ***75% (research as the core business)***
- ***Ex-ante positive assessment (legal certainty)***

Guidelines have been adopted

11. Reporting: periodic report

Periodic report

⇒ To be submitted by coordinator 60 days after end of the reporting period

Periodic Technical Report

- ✓ overview of progress of the work
- ✓ summary for publication
- ✓ plan for the exploitation and dissemination of results
- ✓ questionnaire

Periodic Financial Report

- ✓ use of the resources and
- ✓ Financial Statement (individual & summary)

11. Reporting: final report

Final report

⇒ To be submitted by coordinator 60 days after end of last reporting period

Final Technical Report

- ✓ overview of results and their exploitation & dissemination
- ✓ summary for publication
- ✓ conclusions and socioeconomic impact

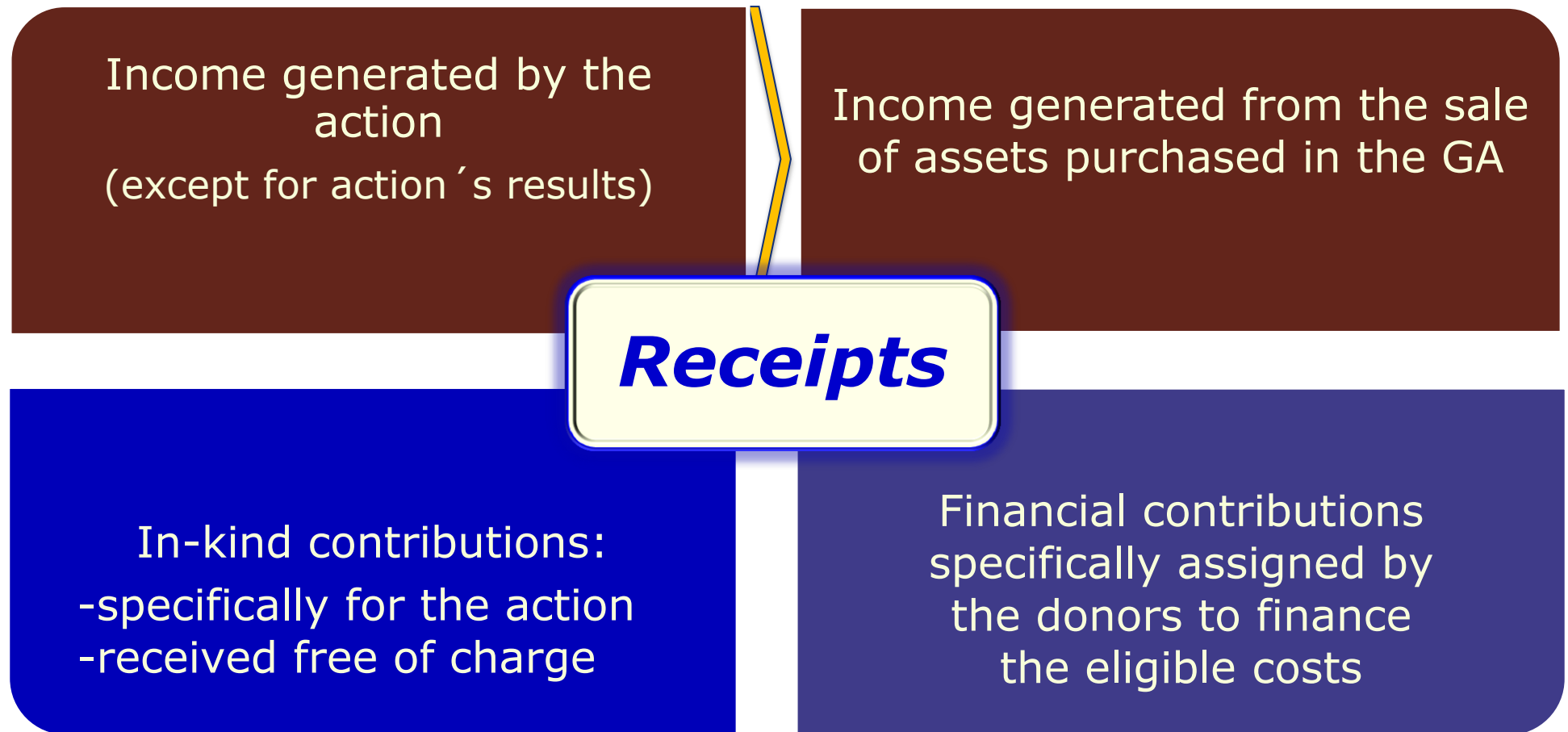
Final Financial Report

- ✓ Summary Financial Statement
- ✓ Certificate on Financial Statement (if needed)

12. 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

13. Receipts



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

14. 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>



15. Controls and audits: ex-ante

Financial viability

- ⇒ Most beneficiaries exempt from detailed analysis; only systematic check for coordinators when requested EU funding for the project 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)

15. 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

ADDITIONAL INFO:

Participant Portal

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



Horizon 2020 Documents

http://ec.europa.eu/research/participants/portal/desktop/en/funding/reference_docs.html



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/>