

EaPPLUS

Eastern Partnership +



Horizon 2020 Legal and Financial Issues

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Legal issues

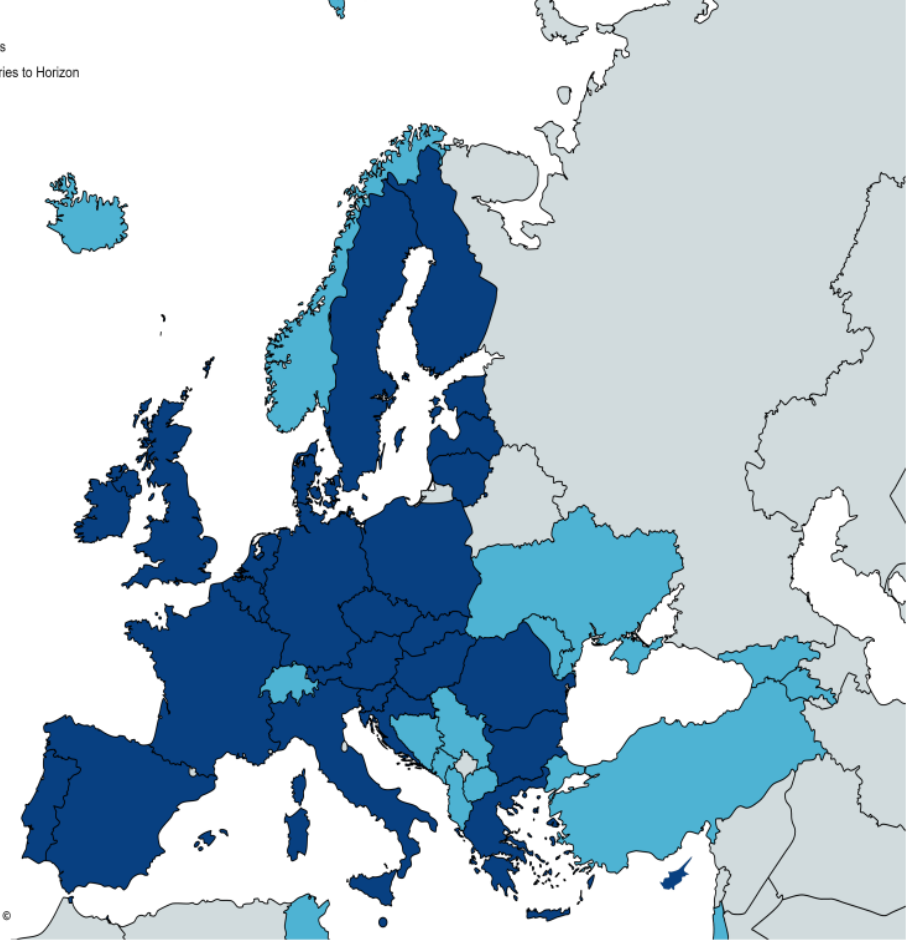
- Requirements for participation
- Consortium Agreement (mandatory unless otherwise specified in the WP).
 - It is a private agreement between the beneficiaries and does not involve the EC (which, however, provides guidance).
 - Deals with the rights and obligations of the beneficiaries amongst themselves.
 - Examples: internal organisation, distribution of EU funding, additional rules on IPR, settlement of disputes, et
- Intellectual Property Rights
 - Ownership
 - for the beneficiary who generates results,
 - joint-ownership only in specific circumstances;
 - Protection (where appropriate)
 - Dissemination & exploitation (general obligation)
 - Open access & visibility of EU funding (general obligation)

Requirements for participation

- Standard minimum conditions:
 - At least three legal entities
 - Independent of each other
 - From different EU Member States or Associated Countries
- Exceptions
(CSA, SME instrument, etc.)

■ EU Member States
■ Associated Countries to Horizon
2020

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Third countries & international organisations

- Third countries: not MS or AC
- Participation of third countries and International Organisations (IO) is welcome. However, funding will be subject to existing agreement
- Applicants from third countries and IO that do not automatically receive EU funding may exceptionally be granted funding if their participation has clear benefits for the consortium
- May be specified in the call text

Financial Issues

- For all beneficiaries and all activities in the grant.
- Defined in the Work Programme:
- Up to 100 % of the eligible costs;
 - but limited to a maximum of 70 % for innovation projects (exception for non-profit organisations - maximum of 100%)
 - Specific reimbursement rates for programme co-fund actions

Indirect costs: 25%

Financial planning

- Resources to be committed
 - Table 3.4a showing the number of person months required
 - Table 3.4b showing ‘other direct costs’ for participants where those costs exceed 15% of the personnel costs (according to the budget table in section 3 of the administrative proposal forms)
 - Travel
 - Equipment
 - Other goods and services
 - Large research infrastructure

Summary of staff effort

Table 3.4a

	WP _n	WP _{n+1}	WP _{n+2}	Total Person-Months per Participant
Participant Number/Short Name				
Participant Number/Short Name				
Participant Number/Short Name				
Total Person-Months				

Other direct costs

Other goods and services

Participant Number/Short Name	Cost (€)	Justification
Travel		
Equipment		
Other goods and services		
Total		

Large research infrastructure

Participant Number/Short Name	Cost (€)	Justification
Large research infrastructure		

Personnel effort & BUDGET

WP	PAN (PL)	ECON (UA)	STAT (RO)	AGRI(MD)	CLUST(FR)	RINST(SF)	MIN(GE)	SME(SF)	ZSI (AT)	CEU (HU)	TOTAL
1	2										
2											
3								2			
4											
5											
PM	60	48	42	30	30	42	30	30	48	42	402
Personnel	252 000	57 600	159 600	42 000	216 000	302 400	36 000	216 000	345 600	201 600	1 828 800
Subcontracting									30 000		30 000
Other direct	38 400	38 400	8 400	38 400	8 400	8 400	38 400	8 400	38 400	38 400	264 000
Indirect costs	72 600	24 000	42 000	20 100	56 100	77 700	18 600	56 100	96 000	60 000	523 200
SUM	363 000	120 000	210 000	100 500	280 500	388 500	93 000	280 500	510 000	300 000	2 646 000
<i>Explanation (other direct costs & services):</i>											
Travel	5 400	5 400	5 400	5 400	5 400	5 400	5 400	5 400	5 400	5 400	54 000
IT equipment	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000	30 000
Services	30 000	30 000		30 000			30 000		30 000	30 000	180 000

Budget example


 European Commission
 Research & Innovation - Participant Portal
 Proposal Submission Forms

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Proposal ID **SEP-210334092** Acronym **FAWORIT 2016-2017** Go to

3 - Budget for the proposal

No	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.EU Contribution / € (=H*I)	(K) Requested EU Contribution/ €
			?	?	?	?	?	?	?	?	?	?	?
1	Regionális Tudasközpont Kft.	HU	38400	16540	13250	0	0	13735,00	0	81925,00	100	81925,00	81925,00
2	Bzn	HU	24000	18500	6500	0	0	10625,00	0	59625,00	100	59625,00	59625,00
3	Hetta	HU	25000	7700	7950	0	0	8175,00	0	48825,00	100	48825,00	48825,00
4	Tit	HU	7200	4400	2800	0	0	2900,00	0	17300,00	100	17300,00	17300,00
5	Ericsson Hungary	HU	20000	11000	14000	0	0	7750,00	0	52750,00	100	52750,00	0,00
Total			114600	58140	44500	0	0	43185,00	0	260425,00		260425,00	207675,00

Payment modalities

- First payment up to 45%
- Interim payments based on assessment of the expenses reported by the beneficiaries, cost of upcoming activities, approval of project reports and payments
- Interim payments up to 85% (ceiling of the maximum EC contribution)
- Example (project lifetime: 36M)
 - First payment: 45% (M1)
 - Second payment: 40% (M22)
 - Final payment: 15% (M40)

Characteristics of H2020 funding

- Maximum EC contribution can not be exceeded
- Only eligible costs can be reimbursed
- Beneficiaries indicate and claim direct and indirect costs
- Indirect costs are covered by a single 25% flat-rate applied to the direct costs
- Reported costs can include VAT if VAT is non-refundable for your legal entity
- Partners do not have to submit timesheets, invoices to EC
- Consortia receive pre-financing at the project start and further payments following the acceptance of interim and final reports.

Direct costs

- Directly attributed to project: personnel, travels, subcontracting etc.
- Eligible costs will be reimbursed 100%

Indirect costs

- Not identifiable as directly attributed to the project
- fixed 25% flat-rate indirect costs for all beneficiaries (upon direct costs except subcontracting)

Financial Reporting

- Amounts in financial statements/reporting should be given in EUR
 - For beneficiaries/linked third parties with accounting records in a currency other than the Euro, conversion of costs recorded in their accounts by one of the following:
 - daily euro exchange rate is published in the C series of the Official Journal of the European Union for the currency in question:
 - use the average of the daily exchange rates published over the corresponding reporting period.
 - To calculate this rate, the beneficiaries may use the editable charts on the ECB website.
<http://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html>
 - if NO daily euro exchange rate is published:
 - use the average of the monthly accounting rates over the corresponding reporting period, by using the currency converter on the Commission's website
http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm
- Supporting documents must be kept up to 5 years after the end of the project/'balance payment'.
- Partners do not have to submit timesheets, invoices to EC, but keep them in case of an needed Certificate of the Financial Statements (CFS; only required for funding \geq 325,000 Euro) or an audit.

Eligible costs

- They must be actually incurred by the beneficiary;
- They must be incurred during the project duration (exception: e.g. costs relating to travel to the kick-off meeting);
- They must be indicated in the estimated budget set out in Annex 2;
- They must be incurred in connection with the action as described in Annex 1 and necessary for its implementation;
- They must be identifiable and verifiable recorded in the beneficiary's accounts in accordance with the accounting standards applicable in the country where the beneficiary is established and with the beneficiary's usual cost accounting practices;
- They must comply with the applicable national law on taxes, labour and social security;
- They must be reasonable, justified and must comply with the principle of sound financial management, in particular regarding economy and efficiency.

Eligible personnel costs

- Actual costs (“actual” hourly rate)
- Staff must be directly hired by the beneficiary
- Staff must work under the sole technical supervision and responsibility of the beneficiary
- Permanent or temporary personnel
- Only costs of actual hours worked on the project are eligible
- Timesheets/time-recording methods (meeting the requirements of the EC) necessary
- Only the hours worked for the action need to be documented
- Personnel working exclusively for the action: no time sheets needed (confirmation by beneficiary suffices)
- Personnel costs should reflect total remuneration: Salaries + social security charges + taxes + other mandatory costs (+ additional remuneration for non-profit entities)

Calculation of personnel costs:

Calculation of the hourly rate (“basic remuneration”) based on the data of the last closed financial year:

Basic salary + social security + taxes + other mandatory costs

-----divided by-----

Yearly productive hours (three alternative calculation methods)

3 calculation methods:

- **Option 1:** 1720 fixed hours:
 - May be used by any beneficiary
 - Advantages: easy to use, no mistakes
- **Option 2:** Individual annual productive hours
 - Calculation: individual annual workable hours (how many hours the person should work according to law, collective agreement and/or individual contract) + over-hours – absences (such as sick leave – not holidays!)
- **Option 3:** Standard annual productive hours
 - Calculation according to usual cost accounting practice
 - Must be at least 90 % of the standard annual workable hours
 - If not: use 90 %

Additional remuneration (bonuses etc.) is only eligible for non-profit legal entities and up to 8.000 Euro per year and person working full-time for an action if directly linked to the action and paid for additional work

Subcontracting

Definition: „a contract for the purchase of goods, works or services that are identified in Annex 1 as action tasks.”

Characteristics:

- Financial motivation for taking over an action task
- Subcontract is based on business conditions (price includes a profit margin)

Eligibility criteria:

- Best price-quality ratio or lowest price („three offers“)
- Public procurers must observe public procurement law
- Reasons, tasks and GUESSED costs must be indicated in GA
- No indirect costs on subcontracting!

Other issues:

- The responsibility lies fully with the beneficiary
- Intellectual property generated by the subcontractor must revert to the beneficiary

Exception:

- The so called ”Northern way of subcontracting”

Costs of other goods and services

Examples for 'other goods': costs of purchasing scientific publications, dissemination costs (e.g. open access, conference fees for presenting project-related research)

- Examples for ,services': Certificate on the Financial Statements, translations, printing costs, catering (no action tasks – similar to minor tasks/FP7)
- Best price-quality ratio or lowest price ("three offers")
- Public procurers must observe public procurement law
- 25 % indirect costs on costs of services and other goods
- The responsibility lies fully with the beneficiary
- Intellectual property generated by the service provider must revert to the beneficiary

When other direct costs exceed 15% of declared Personnel costs an explanation is required

VAT & indirect costs

- VAT is eligible only if not deductible
- Last completed financial year is decisive for staff cost calculation
- No adjustments (corrections) possible!!!
- Indirect costs are declared as a 25% fixed flat rate of the eligible direct costs (Accounting documentation is necessary only for direct costs. Indirect costs do not need supporting evidence because they are declared using a flat-rate)

All details can be found in the Annotated Model Grant Agreement, Part I, Chapter 3, Article 6:

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

Ineligible costs

- If they do not meet the general and specific eligibility criteria;
- Costs related to return on capital or return generated by an investment;
- Debt and debt service charges;
- Provisions for future losses or debts;
- Interest owed;
- Currency exchange losses;
- Deductible VAT (if VAT is recoverable under the national VAT system for your organisation);
- Costs incurred during the suspension of the implementation of the action;
- Costs declared under another EU or Euratom grant.

Useful links

Participant Portal

- <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>

Thank you for your attention!

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