



## Financial and legal issues under H2020

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ZENTRUM FÜR SOZIALE INNOVATION  
CENTRE FOR SOCIAL INNOVATION



<http://www.zsi.at>

## ➤ ECAS REGISTRATION

- ECAS ACCOUNT
- PIC CODE



# How to register on ECAS?



## What is “ECAS” ?

**ECAS** means European Commission Authentication System.

It is the system for logging on to a whole range of web sites and online services run by the Commission.

This ensures a **secure, “single sign-on” approach:**

**1 person = 1 e-mail address = 1 ECAS account.**

The creation of an ECAS account is free and easy.

# Registration

(A-Z) Sitemap About this site Contact Legal Notice English ▼



## RESEARCH & INNOVATION

### Participant Portal

European Commission > Research & Innovation > Participant Portal > Home

HOME FUNDING OPPORTUNITIES HOW TO PARTICIPATE EXPERTS SUPPORT ▼

LOGIN REGISTER

### Horizon 2020 Funding

Starting from 1/1/2014

On this site you can find and secure **funding** for research & innovation projects under the following EU programmes:

- **2014-2020** Horizon 2020 - research and innovation framework programme
- **2007-2013** 7th research framework programme (FP7) and Competitiveness & Innovation Programme (CIP)

**Non-registered users**

- search for funding
- read the funding guide & download the legal documents
- check if an organisation is already registered
- contact our support services or check our FAQs

**Registered users**


- submit your proposal
- sign the grant
- manage your project throughout its lifecycle




WHAT'S NEW?



FUNDING OPPORTUNITIES




HOW TO PARTICIPATE



WORK AS AN EXPERT



MY PERSONAL AREA



INFORMATION AND SUPPORT

RESEARCH ON EUROPA CORDIS OLAF

Register or log in to your ECAS account



# EUROPEAN COMMISSION AUTHENTICATION SERVICE (ECAS)

External

EUROPA > Authentication Service > Sign Up

[Login](#) [New password](#) [Sign Up](#) [Help](#)

! Is the selected domain correct? **External** [Change it](#)

## Sign Up

[Help for external users](#)

Choose a username

First name \*

Last name \*

E-mail \*

Confirm e-mail \*

E-mail language \*


**Fill in the “E-mail” field  
using your individual professional email address.**

**Note: the e-mail is the main identifier  
(1 person = 1 e-mail address  
= 1 ECAS account)**

***No functional e-mail address!***

\* Required fields

Contact | Privacy Statement | English (en)



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## Sign Up

Thank you for registering, you will receive an e-mail allowing you to complete the registration process.


**Check your mailbox, a confirmation e-mail  
will arrive within a few minutes.**

**This process must be completed  
within 1 hour and a half after the original request.**

**Following a confirmation you can log in to the Portal.**

**Important: ECAS credentials are strictly confidential!**

Contact | Privacy Statement | English (en)



# EUROPEAN COMMISSION AUTHENTICATION SERVICE (ECAS)

External

EUROPA > Authentication Service > Login

Login New password Sign Up Help

## Login [Not registered yet](#)

Is the selected domain correct?  
**External** [Change it](#)

Username or e-mail address \*




Password \*

► [More options...](#)

**Login!** [Lost your password?](#)

\* Required fields

Or log in with your

 [Mobile phone](#)  [Token](#)  [eId](#)

Last update: 26/09/2012 (3.1.5-m) | 7 ms | [▲ Top](#)

Make sure the selected domain is "External"

Enter your username or e-mail address and your password

Click on the "Login!" button

The Login page (ECAS authentication) appears

RESEARCH & INNOVATION  
Participant Portal

European Commission > Research & Innovation > Participant Portal > Home

MY AREA HOME FUNDING OPPORTUNITIES HOW TO PARTICIPATE EXPERTS SUPPORT ▼ DEMO ACCOUNT ▼

My Organisation(s)  
My Proposal(s)  
My Project(s)  
My Notification(s)  
My Expert Area

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DIS OLAF

**You are now logged in to the Participant Portal.**

**Your personal folders are available on the left hand side.**

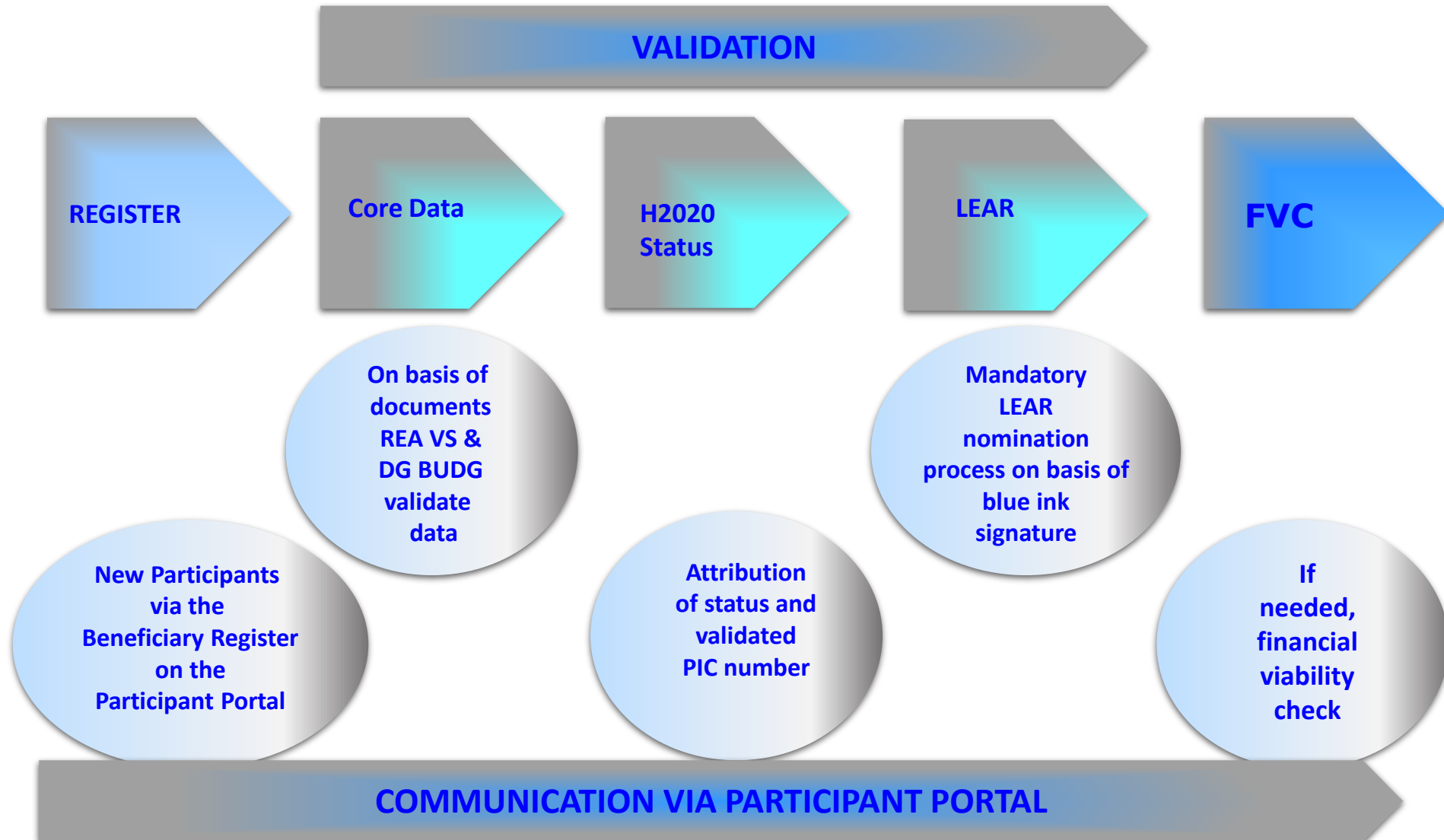


# PIC CODE

## What is a PIC code?

- A **P**articipant **I**dentification **C**ode is a unique 9-digit identifier for the European Commission to confirm your organisation's details
- Before registering it is recommended that you confirm your organisation does not already have a PIC code, follow the link below:  
<http://ec.europa.eu/research/participants/portal/desktop/en/organisations/register.html>

# Validation of your organisation



# LEAR APPOINTMENT in H2020

- **What is a LEAR?**
- The **L**egal **E**ntity **A**ppointed **R**epresentative (**LEAR**) is a person within an organisation appointed to be the correspondent with the Commission on all issues related to the legal status of the entity
- After appointment, the LEAR becomes the exclusive Contact Person of the organisation.

## ➤ Financial and legal issues

- Minimum requirements for participation
- Characteristics of H2020 funding
- Model grant agreement
- Annexes to MGA
- Intellectual Property Rights



# MINIMUM REQUIREMENTS FOR PARTICIPATION

- **Standard minimum conditions:**

- at least **three legal entities**
- **independent** of each other
- from **different EU Member States**  
or **Associated Countries**

(see [http://ec.europa.eu/research/participants/data/ref/h2020/grants\\_manual/hi/3cp/h2020-hi-list-ac\\_en.pdf](http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/hi/3cp/h2020-hi-list-ac_en.pdf))

- **Coordination and Support Actions (CSA), ERC etc.:**

- at least one legal entity (check call text)
- Additional criteria
- may be specified in Work Programme (check call text)

# 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
- Consortia receive pre-financing at the project start and further payments following the acceptance of interim and final reports.

Direct costs	Indirect costs
<ul style="list-style-type: none"><li>– Directly attributed to project: personnel, travels, subcontracting etc.</li><li>– Eligible costs will be reimbursed 100%</li></ul>	<ul style="list-style-type: none"><li>– Not identifiable as directly attributed to the project</li><li>– fixed 25% flat-rate indirect costs for all beneficiaries (upon direct costs except subcontracting)</li></ul>

# FUNDING INSTRUMENTS AND FUNDING RATES

Instrument	Funding rate
Research and Innovation Action(RIA)	100%
Innovation Action (IA)	70% / 100%
Coordination and Support Actions (CSA)	100%
European Research Council (ERC)	100%
Marie Skłodowska-Curie Actions (MSCA)	100 %
Fast Track to Innovation	70% / 100%

- Innovation Actions, Fast track to innovation: 100% for ,non-profit organisations‘
- The total costs (direct and indirect costs) are multiplied with the funding rate

# 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

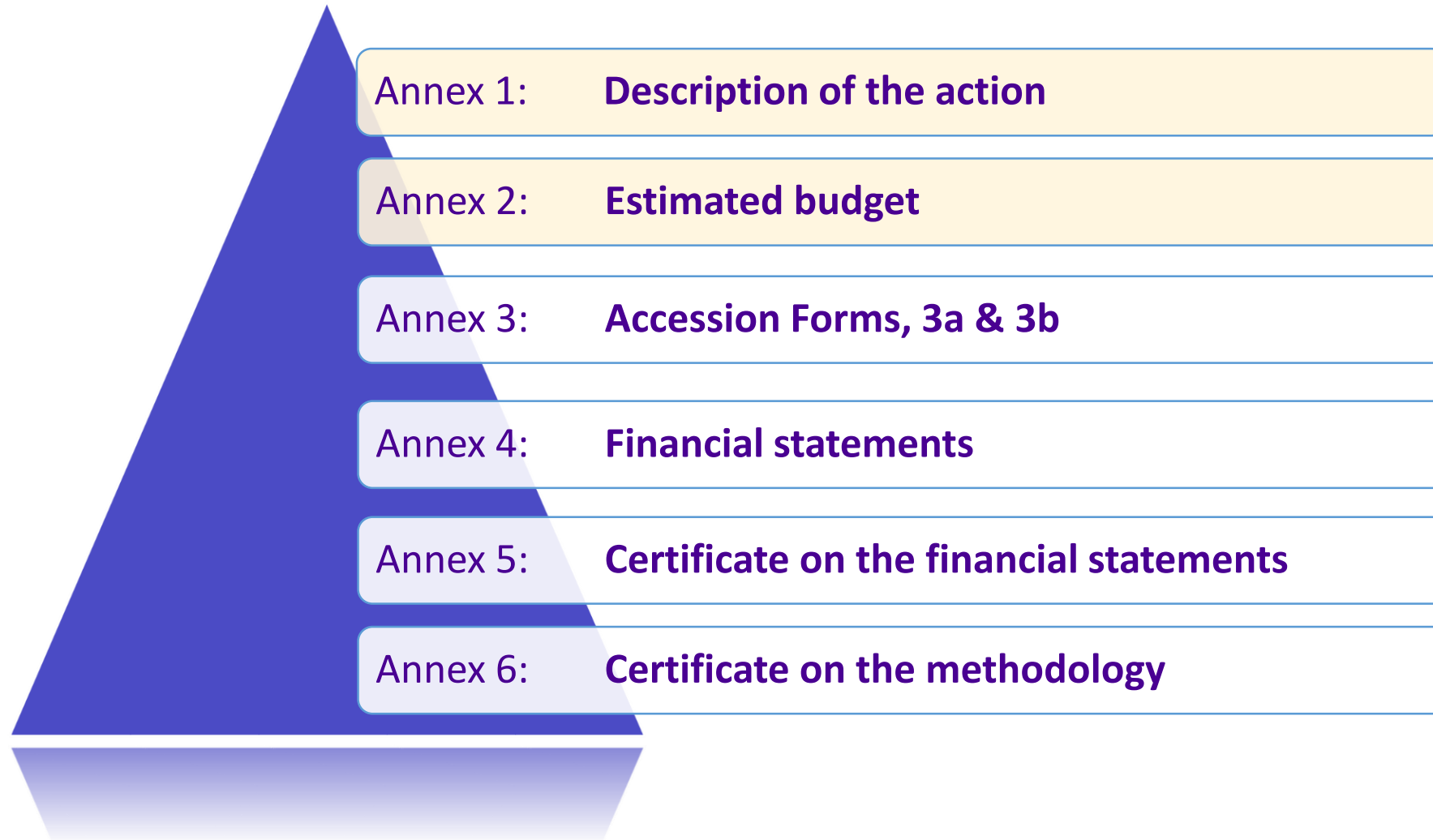
## Chapter 7: Final provisions

- Accession, entry into force, amendments, applicable law



# Horizon 2020 model Grant Agreement:

## Annexes to the GA



# Reimbursement rate



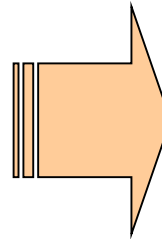
Maximum reimbursement rates	Research and technological development activities (*)	Demonstration activities	Other activities
Network of excellence	50% 75% (**)		100%
Collaborative project****)	50% 75% (**)	50%	100%
Coordination and support action			100% (***)

(\*) 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)

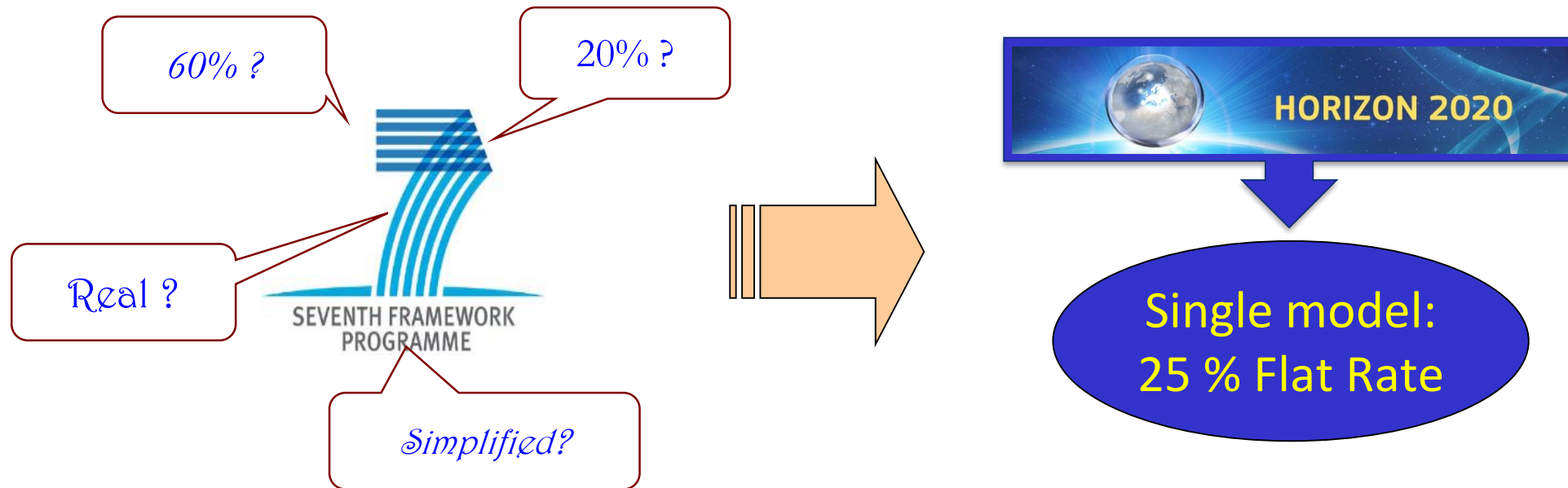


One project = One rate  
for research actions

- ✓ 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%).

# Single FLAT RATE for indirect costs

*Simplifying project management and removing recurrent errors.*



# 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 – with or without COMUC)

## 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 Example: 25 % flat rate for indirect costs

# 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 costs (actual costs, unit costs, etc.)	YES if no budget was foreseen for the "form" receiving the transfer
New subcontracts	YES (strongly advised)

# Budget categories: budget transfers

	Estimated eligible* costs (per budget category)						
	A. Direct personnel costs				B. Direct costs of subcontracting	[C. Direct costs of fin. support]	D. Other direct costs
	A.1 Personnel		A.4 SME owners without salary				D.1 Travel
	A.2 Natural persons under direct contract		A.5 Beneficiaries that are natural persons without salary				D.2 Equipment
	A.3 Seconded persons						D.3 Other goods and services
	[A.6 Personnel for providing access to research infrastructure]						D.4 Costs of large research infrastructure
Form of costs****	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

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



# Third parties: basics

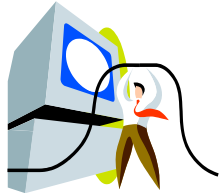
⇒ What is a third party?

↳ A legal entity which carries out work of the action, supplies goods or provide services for the action, but which did not sign the grant agreement

⇒ What types of third parties?



1. Third parties directly carrying out part of the work described in Annex 1



2. Other third parties providing resources, goods or services to the beneficiaries for them to carry out the work described in Annex 1



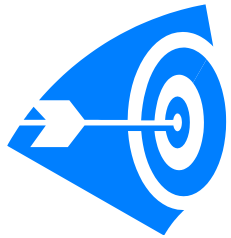
3. Third parties receiving financial support (money) from the beneficiary as part of the action. Only when authorised in the call

# Third parties: summary

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	<b>Article 14</b>
<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	<b>Article 13</b>
<b>Third party providing in-kind contributions</b>	<b>NO</b>	<b>YES</b>	<b>Costs</b>	<b>YES</b>	<b>YES</b>	Not used to circumvent the rules	<b>Articles 11 and 12</b>
<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	<b>Article 10</b>
<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	<b>Article 15</b>

# Personnel costs

What workforce contracts can you declare under personnel costs?



Standard case: persons hired by the beneficiary via an *employment contract*

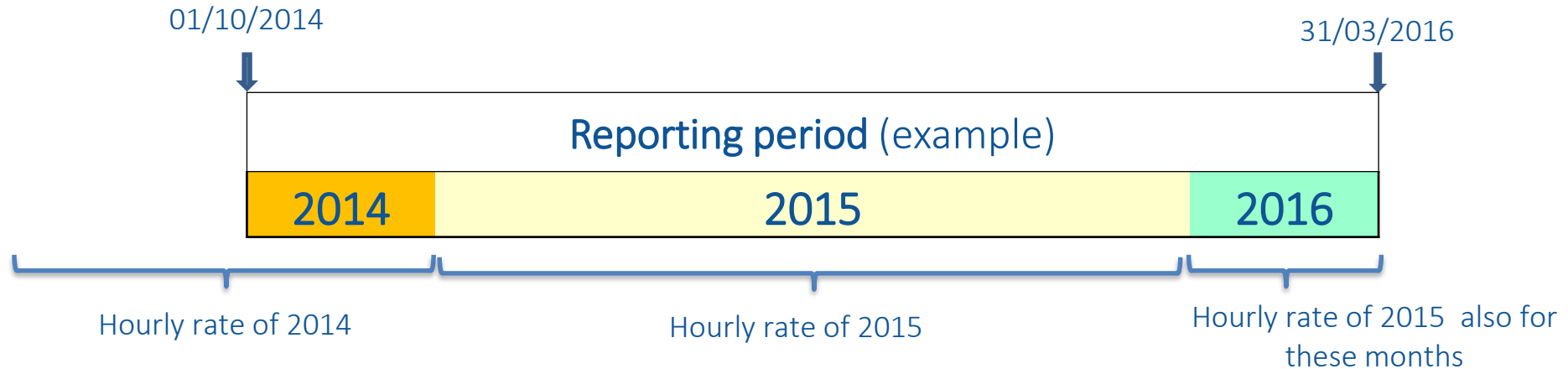
(qualified as such under national law; and for whom the hiring entity pays social security contributions)

Other cases:

- Employees of a third party seconded to the beneficiary (must be set in Annex 1!)
- Natural persons hired directly via a contract other than an employment contract if:
  - They work under hierarchical dependence within the beneficiary structure and (in general) work at the beneficiary's premises
  - The result of the work belongs to the beneficiary
  - The costs are similar than those of an employee of the beneficiary with similar tasks

# Actual personnel costs: hourly rate calculation

## 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

# 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>



# 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.

# 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](#).
    - 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](#)
  - 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.

# 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 & 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 greement (CA)

- CA is mandatory unless otherwise specified in the work programme

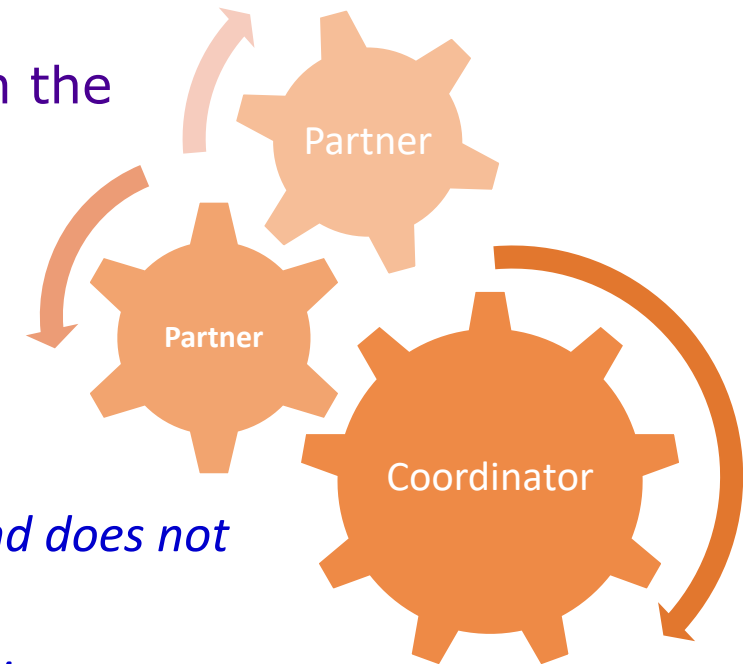
*Article 41.3 of the H2020 Model Grant Agreement*

- 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](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>

# Sources

- Based on EC R&I presentation:  
[http://ec.europa.eu/research/participants/data/ref/h2020/other/events/2015\\_09\\_08/h2020-coordinators-day-08092015-5-MGA\\_legal\\_fin.ppt](http://ec.europa.eu/research/participants/data/ref/h2020/other/events/2015_09_08/h2020-coordinators-day-08092015-5-MGA_legal_fin.ppt)
- Other sources available online

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