



#InvestEUresearch



# Horizon 2020 Work Programme for Research & Innovation 2018-2020

## Horizon 2020 – Financial issues

Name: **George BONAS & François TREMEGE**

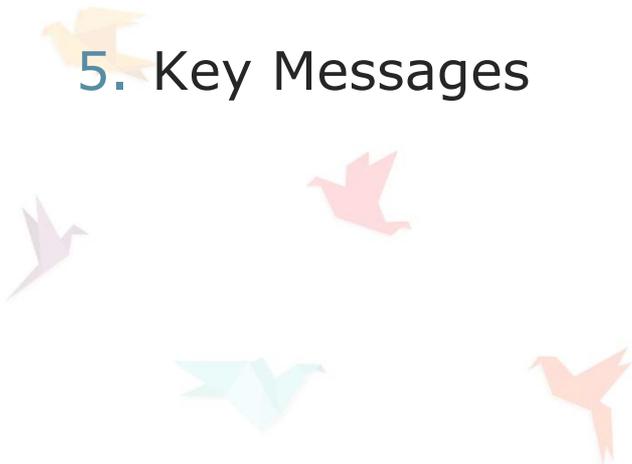
Function: Service Facility in support of International Cooperation in  
Research and Innovation (communication@ServiceFacility.eu)

Research and  
Innovation



# Overview

1. Warm-up session
2. Eligibility and funding criteria
3. Which costs are eligible?
4. How to budget a proposal?
5. Key Messages

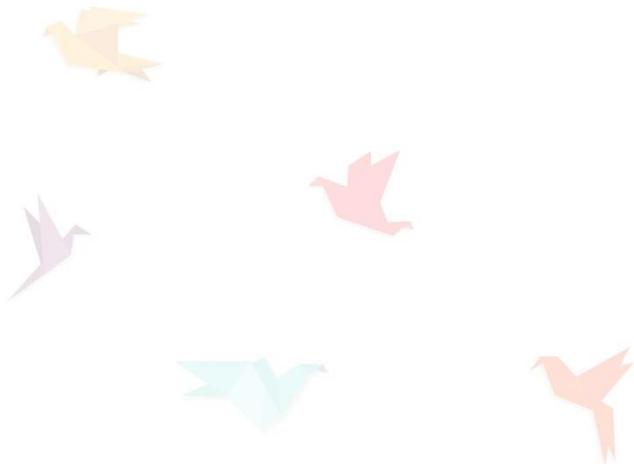


# 1. Warm-up session

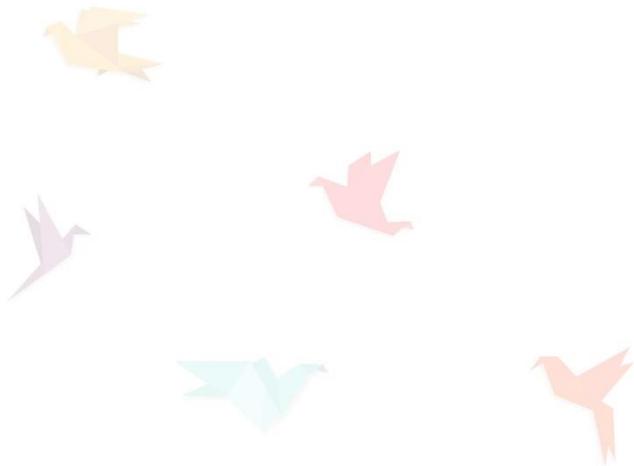


# 1. Warm-up session

- When can a partner in the consortium receive funding?
- What are the two funding rates in Horizon 2020?



## 2. Eligibility and funding criteria



# Remember! Eligibility for Funding – General Rules

## Eligible for funding are legal entities established in:

- Member States
- Associated Countries
- Countries listed in Annex 1 of the Work Programme → **Algeria**



## Legal entities established in other Countries may be funded when:

- Agreement exists between 2 funding bodies
- Provision made in the call text
- Commission deems participation essential for carrying out the action



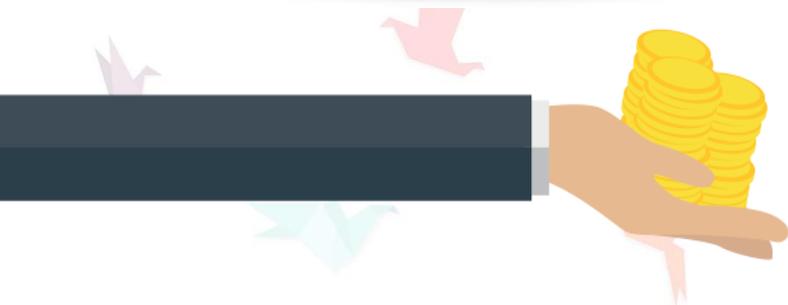
# EU funding to International Partner Countries?

## Eligible for funding

1. More than 100 countries
  - Listed in the Work Programme

## Exceptionally eligible for funding

1. Industrialized countries like Australia, Canada, Japan, South Korea, USA, etc.
2. Emerging countries like Brazil, China, India, Mexico, Russia, etc.
3. International organisations like UN org.



# What are exceptional cases of funding?

Their eligibility

- Is explicitly mentioned in work programme and **call text**,
- Is defined in **bilateral agreement** / S&T arrangement

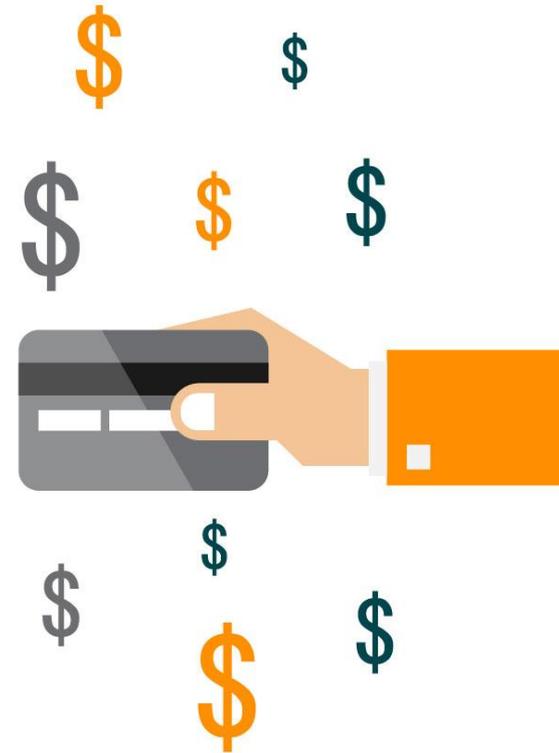
OR

- Their participation is **deemed essential** for carrying out the action **by the EC** on a case by case decision  
(e.g. key expertise, access to research infrastructure)

# What are the funding rates?

## One single funding rate per action

- **Research and Innovation action (RIA), ERC, MSCA Coordination and Support actions (CSA)**
    - Up to **100%** of the eligible costs
  - **Innovation action/close-to-market (IA)**
    - Up to **70%** of the eligible costs for profit legal entities
- BUT**
- Up to **100%** for non-profit legal entities



### 3. Which costs are eligible?



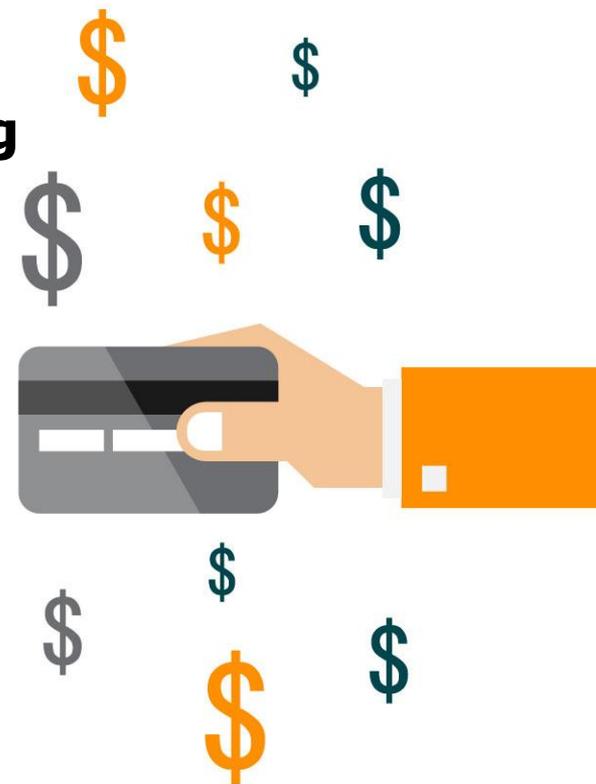
## What funding rate applies?

**100% (RIA, ERC) or 70 % (IA) funding rate for**

- 1. Actual costs**, directly linked to the implementation of the action
- 2. Flat-rate** for indirect costs/overhead costs

### Marie Skłodowska Curie Actions

- 3. Fixed Unit cost** rates cover researcher costs and institutional costs



# 1. Direct costs

= **directly linked** to the implementation of the action

Examples:

- Personnel costs
- Subcontracting
- Travel costs
- Equipment/ infrastructure
- Other goods, works and services

**Actual costs** chargeable to the project, **no** estimated costs

## 2. Indirect costs

= **not** directly linked to the action

- Examples:

- Rents, electricity, heating, office equipment, furniture, phone costs, postage, printing and copy costs, administrative costs

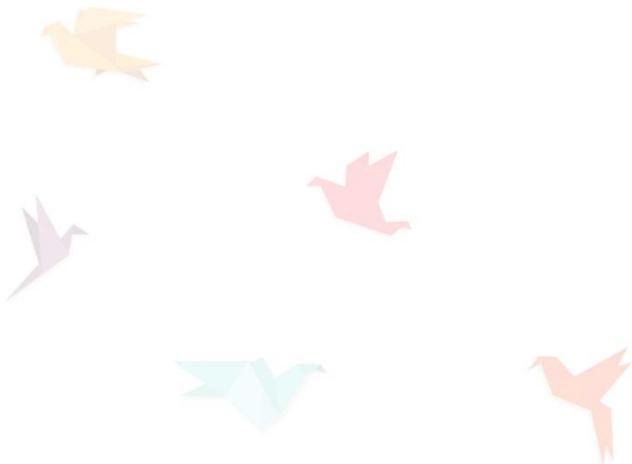
- Paid as a **25% as flat rate** of the direct eligible costs\*

\*(except subcontracts and „in-kind-contributions“ of third parties not used on the beneficiary's premises)

### 3. Marie Skłodowska Curie Actions

- **Unit costs** organised in several cost categories are used instead of the general cost forms
- These are **fixed amounts** that must be multiplied by the number of months the recruited researchers spent on research training activities (person-months)
- Different unit cost categories cover:
  - **Salary** of the fellows
  - The research and training **costs** of the fellows
  - **Costs** related to project implementation

# 4. How to budget a proposal?



# How to budget a proposal?

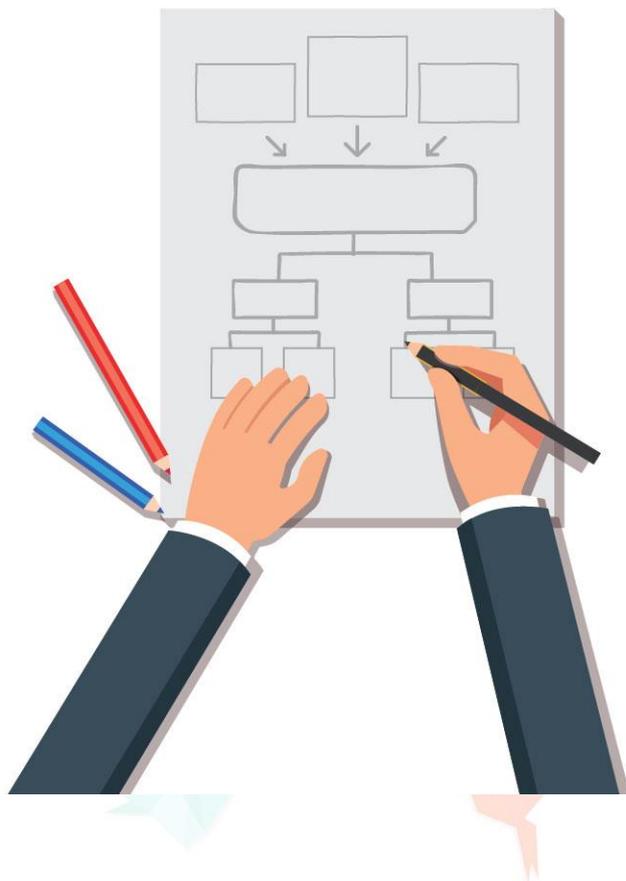
**Calculate your costs on a realistic and reasonable basis, as you expect it to appear and to be eligible in the action.**

- Budget should be calculated according to the **action needs**
- Demonstrates a **clear vision** of objectives and tasks in an action
- Minimises potential changes during the runtime of an action

**Appropriate budget estimation and distribution is part of the evaluation!**

# Don't forget financial buffers

## Plan



## Direct costs are eligible if...

- **Actually incurred** by the beneficiary during the life of the action (with a few exceptions)
- **Indicated** in the estimated budget
- In **connection** with the action as described in the action description and necessary for its implementation
- **Identifiable and verifiable**, in particular recorded in the beneficiary's accounts
- In **compliance** with applicable national law on taxes, labour and social security
- **Reasonable**, justified and must comply with the principle of sound financial management
- **Evaluators will approve the necessity for the activity and the related costs**

# When are personnel costs eligible?

## They must be:

- Related to personnel **working for the beneficiary** under an employment contract (or equivalent appointing act) and **assigned to the action**
- Limited to gross salaries, social security contributions, taxes and other costs included in the remuneration, if they arise from national law or the employment contract (or equivalent appointing act)

For the **budget calculation** estimate the average monthly rate of the personnel that should work on the tasks of the action.

## When are travel costs eligible?

- Travel and subsistence costs for personnel and external experts are eligible if they fulfil the **general conditions** to be eligible (i.e. incurred during the action duration, necessary, linked to the action, etc.)
- According to the **usual practices** on travel of the beneficiary
- No distinction between travelling in or outside of Europe
- Unplanned or particularly expensive travels: With approval of the Project Officer

## When are equipment costs eligible?

- This budget category covers the **depreciation costs** of equipment
- Never higher than the equipment purchase price
- If the beneficiary does not use the equipment exclusively for the action, **only the portion** used on the action may be charged
- Only the part of the **equipment's time** used for the project can be charged
- Costs for renting or leasing of equipment are eligible if they do not exceed the depreciation costs of similar equipment

# Are third party costs eligible?

**YES,**

**if you require resources, support for specific tasks or smaller services by third parties you have to describe, justify and budget these activities in the proposal**

1. Third parties that contribute to the action 's tasks
  - Subcontractors, service providers, linked third parties
2. Third parties providing resources against or without payment

**General rule: Third party involvement only in limited cases.**

# When are subcontracting costs eligible?

## Subcontractors

- If **necessary** for the implementation of the action
- They carry out action tasks **for** the beneficiary
- Selected based either on **best value for money** or on the lowest price
- Issue **invoices** including profit, charge market prices

The tasks to be implemented and the estimated cost for each subcontract must be **indicated in the proposal**

## When are contracts for services, works or goods eligible?

- These are **ordinary** contract for services, works (i.e. buildings) or goods (e.g. equipment), needed to carry out the action, including the purchase of consumables and supplies.
- These contracts do not have to be indicated in the description of the action
- The beneficiary must award the contracts on the basis of **best value for money** (or lowest price) and absence of conflict of interests
- The eligible costs are the prices charged to the beneficiary by the contractors

# When are Linked Third Party costs eligible?

## What are linked third parties?

- Affiliated entities (e.g. entities controlled by the same entity)
- Entities with a legal link to a beneficiary (e.g. the relationship between an association and its members or a collaboration agreement for research in a particular field)

## They:

- Carry out work in the project and report their own costs (they do not charge a price)
- Linked third parties must fulfil the same conditions for participation and funding under H2020 as beneficiaries
- Same rules regarding eligibility of costs and funding rates apply
- Name, costs and tasks of the Linked Third Party must be indicated in the proposal

# When are resources provided by Third Parties eligible?

- Third parties may provide in-kind contributions (i.e. non-financial resources) against payment or free of charge, if those contributions are necessary for project implementation
- No commercial interest of the third party
- The third parties, their in-kind contributions and an estimation of the costs budgeted for the in-kind contributions must be set out the description of the action
- Examples:
  - Secondment of employees
  - Providing lab space

## Eligible costs for Third Parties

Third parties	Eligible costs	Indirect costs	Selection criteria
<b>Services</b>	Price (incl. profit)	Yes	Best value for money
<b>In-kind resources</b>	Actual costs	Only if resources inside own premises used	-
<b>Subcontracts</b>	Price (incl. profit)	No	Best value for maney
<b>Linked third party</b>	Actual costs	Yes	Legal link with partner

# Cost categories have separate columns

(A) Personnel Costs

(C) Subcontracts

(E) In-kind contributions of third parties not on the premises of the beneficiary

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 in-kind 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) Reimbursement rate (%)	(J) Max. EU Contribution / € (=H*I)	(K) Requested EU Contribution/ €
1			0	0	0	0	0	0,00	0	0,00	100	0,00	0,00
Total			0	0	0	0	0	0,00	0	0,00		0,00	0,00

(B) Travel, Consumables, Depreciation of Equipment, Goods Works and Services, In-kind-contributions of third parties etc.

(G) Special Unit Costs (EeB)

(F) Indirect Cost

## Example for a budget calculation

- Research and Innovation action, 100% funding rate
- 25% flat-rate automatically calculated

Eligible costs (per budget category)					EU Contribution		
(A) Direct personnel costs	(B) Other direct costs	(C) Direct costs of sub-contracting	(F) Indirect costs	(H) Total estimated eligible costs	(I) Reimbursement rate (%)	(J) Maximum EU Contribution	(K) Requested EU Contribution
Actual	Actual	Actual	=0,25* (A+B)	=A+B+C+F	100%	(=H*I)	
10.000	2.000	500	3.000	15.500	15.500	15.500	15.500

\*indirect cost flat-rate is not budgeted on subcontracts and „in-kind-contributions“ of third parties not on the beneficiary's premises

# Receipts

## General Rule:

European Financial Regulation does not allow profit in Horizon 2020 funded projects.

### **Income generated by the action**

e.g. income from conference fees, sale of equipment

### **Financial contributions by third parties**

Given specifically to be used for the action

### **In-kind contributions free of charge**

Given specifically to be used for the action



# Not receipts

## **Income Receipts do not include:**

- Revenues through exploitation of project results (e.g. licensing fees)
- Financial or in-kind contributions of third parties at the discretion of the beneficiary
- **Financial contributions of third parties to cover non- eligible costs**
- Financial contributions amongst beneficiaries

**National programmes can fund partner costs not eligible for funding under Horizon 2020, as they are non-eligible costs**

# 5. Key messages



## Key messages

- Costs must be incurred **during** the project by the beneficiary and be **identifiable and verifiable** in the accounts to be eligible
- The work that you performed should be **described** in the work packages of the proposal
- There are **4 basic categories** of costs:
  - Personnel costs – calculated for every person working for the project
  - Subcontracting costs – A task that is performed by a third party
  - Other direct costs – This category is divided into: purchase of services, goods and travel;
- **Indirect costs** – a 25% fixed flat-rate of the eligible direct costs (minus certain direct eligible costs)
- **Income** of projects should be considered at the proposal stage

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