



European
Commission

HORIZON 2020

WORKSHOP ON THE HORIZON 2020 MODEL GRANT AGREEMENT

Disclaimer: this information is subject to ongoing discussions at the Commission. This presentation is not to be distributed beyond the Legal and Financial NCPs network

**Brussels
April 2013**

Workshops and consultations with NCPs' and stakeholders on the Horizon 2020

- ❖ A first NCPs workshop on 15 November 2012 to identify those aspects of the grant agreement that need further simplification and clarity in H2020 on basis of the experience gained by the NCPs in FP7.
- ❖ A second workshop on 16 – 17 April to receive direct feedback from NCPs, based on their FP7 experience, on relevant points of the new MGA. Issues identified in previous workshop, also in the light of the recent developments of the dialogue.
- ❖ A third workshop will be held on 22 – 23 April with European organisations and associations which represent a large number of beneficiaries in the area of research and innovation.

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The future Horizon 2020 model Grant Agreement in three messages

- ⇒ **Legal framework:** New Financial Regulation + Rules for Participation (for the specificities)
- ⇒ **Objectives:** Simplification, flexibility and coherence within Horizon 2020 and with the other EU programmes
- ⇒ **Starting point:** Pilot model GA developed by the horizontal services of the Commission (to be applicable for all programmes)

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Grant Agreement

HORIZON 2020

What will be new?

- ✓ Global architecture common with the other EU programmes; with all the possibilities offered by the new FR
- ✓ Terminology: terms and meanings defined in the Financial Regulation except for those terms specific to H2020
- ✓ A single document with all provisions (no more Core + Annex II)
- ✓ In the same line: no more specific Annex III or special clauses. All provisions will be integrated in the grant agreement
- ✓ On-line explanations for each part of the grant ("annotated GA")
- ✓ Simplified wording revised by a specialised service of the Commission

Simplification

Electronic signature

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

Communication between the Commission and beneficiaries

- *Through the Participant Portal*

Simplification

Certificates on Financial Statements

- Only if total amount of the grant of the beneficiary is \geq EUR 325,000 at the time of the payment of the balance
- Only for reimbursement of actual costs and unit costs

Certificates on the Methodology

- As an option when using unit costs for direct personnel costs

Major issues identified by the Legal and Financial NCPs

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Major issues identified by the Legal and Financial NCPs

Personnel Costs	Other cost categories	Third parties & subcontracting	Others
<ul style="list-style-type: none"> • Definition of personnel costs 	<ul style="list-style-type: none"> • Definition of direct costs 	<ul style="list-style-type: none"> • Conditions for participation of third parties 	<ul style="list-style-type: none"> • Content of the Consortium Agreement
<ul style="list-style-type: none"> • Annual productive hours 	<ul style="list-style-type: none"> • VAT 	<ul style="list-style-type: none"> • Requirements for subcontracting 	<ul style="list-style-type: none"> • Receipts
<ul style="list-style-type: none"> • Time recording 	<ul style="list-style-type: none"> • Exchange rate provisions 		<ul style="list-style-type: none"> • Amendments
			<ul style="list-style-type: none"> • Gender issues
			<ul style="list-style-type: none"> • IPR clarifications

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1. Cost eligible as "personnel costs"

↪ Definition of what is eligible as direct personnel costs

Council PGA (art.22a):

"Without prejudice to the conditions laid down in Article 22 [eligibility of costs], direct eligible personnel costs shall be limited to salaries plus social security charges and other costs included in the remuneration of personnel assigned to the action, arising from the national law or the employment contract."

Grant Agreement:

- ➔ Will include the definition of personnel costs which will be further explained in the "annotated grant agreement".
- ➔ Clarify special cases, e.g. natural persons working under a contract (in-house consultants)
- ➔ Include provisions regarding SME owners similar to FP7
- ➔ Define the standard formula for the calculation of the hourly rates

1. Cost eligible as "personnel costs" (continuation)

↪ Provisions on additional payments (bonus)

Council PGA (art. 22a)

Article 22.a of the Council's PGA makes a distinction between remuneration resulting from national law or employment contract and other additional remuneration paid to personnel assigned to the action.

Only the second would be subject to the 8000 € ceiling.

Parliament

Opposes the provisions on additional payments.

Grant Agreement:

If the PGA provision remains, the boundaries between one and the other type of bonuses would have to be clearly defined.

2. Annual productive hours

Council PGA (art. 25.3b): *"The option to choose between a fixed number of annual productive hours and the method for establishing the number of annual productive hours to be used for the calculation of the hourly personal rates taking account of the participant's usual accounting practices"*

➤ Option 1: **1680 (?) hours**

Straight forward option: no conditions, no audit verification of the "real" productive hours, no need for having a "usual cost accounting practice".

➤ Option 2: **standard productive hours according to the beneficiary's usual cost accounting practices**

This option would have to be subject to a minimum threshold to avoid abusive practices or practices incompatible with the cost eligibility criteria.

The minimum threshold would also reduce the risk for the EU and allow for less audit checks on the standard productive hours and more legal certainty (win-win situation).

➤ Option 3: **individual productive hours** possible for those entities having full-time recording as usual cost accounting practice

Subject also to a minimum threshold as in option 2.

3. Time recording

Council PGA (art. 25) :

- *The evidence regarding the actual hours worked shall be provided by the participant, normally through a time recording system*
- *The agreement shall contain the minimum requirements for the time recording system.*
- *For persons working exclusively for one action, no time recording will be required.*

- ↪ Requirements will be set up at the minimum possible level given reasonable assurance on the hours charged.
- ↪ These requirements will be defined in the grant agreement: explicit and clear obligations (warning: implications of non-compliance !)
- ↪ For persons working exclusively for one action: on the basis of a declaration of the participant

4. Definition of Direct Costs



"Les gross chantiers" (the big worksites):

➔ **What is a direct cost for an H2020 project?**

Generated by the implementation of the action, measurable and measured (no apportionment).

➔ **Further details per direct cost category**

For instance: specific provisions for personnel costs, list of types of costs which may be considered "direct" (including explanations), etc.

➔ **Costs of large infrastructures:** following the Commission statement at the time of the adoption of the Council's PGA, detailed guidelines are being finalised.

Explicit reference to be included in the GA :

NON-DEDUCTIBLE VAT SHALL BE ELIGIBLE

6. Exchange rates provisions

➤ **Beneficiary's accounts in € ⇒ purchases in other currencies:**

Usual accounting practice of the beneficiary for the conversion into Euros.

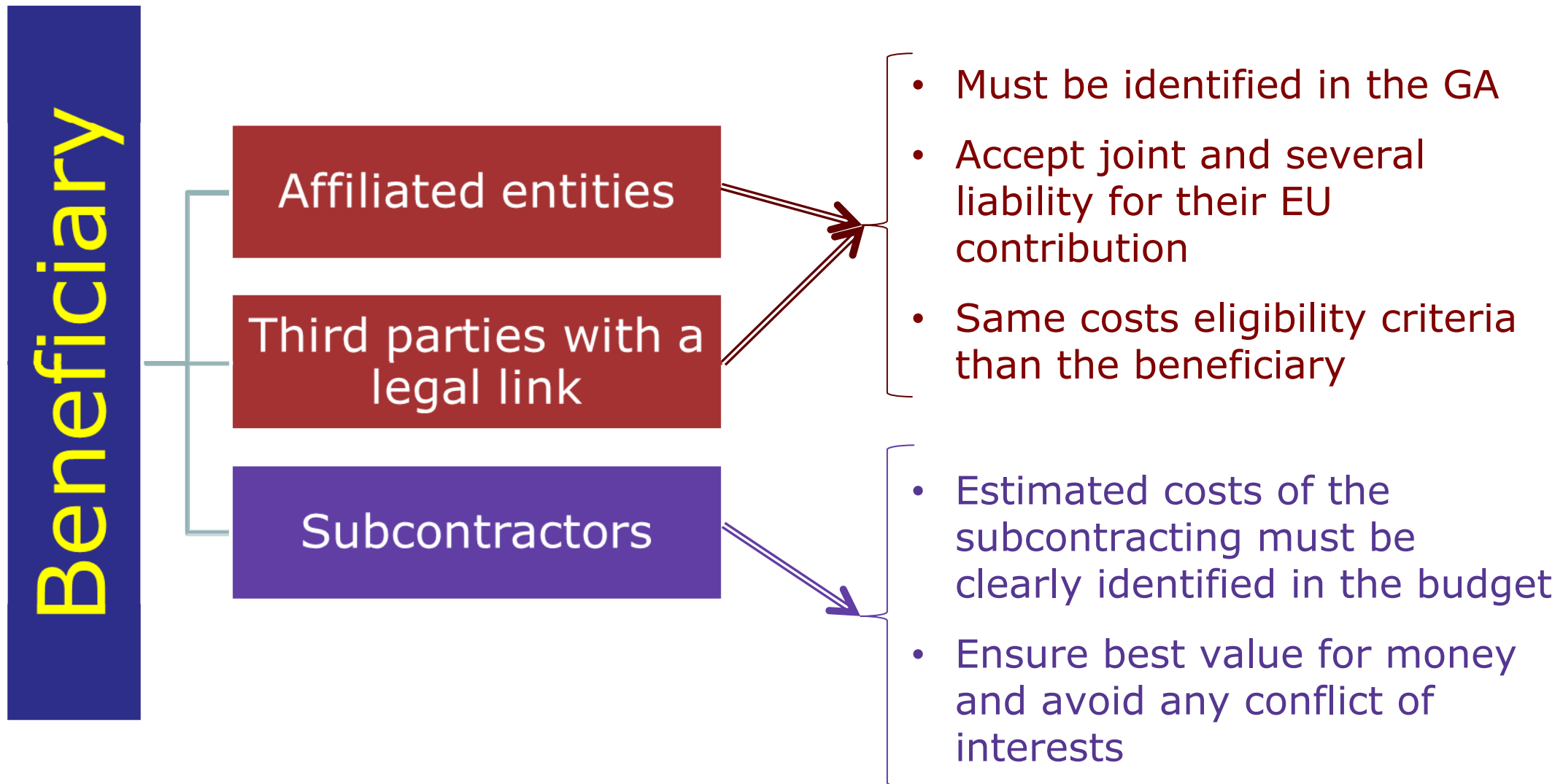
➤ **Beneficiary's accounts in other currency:**

We aim at decreasing the exchange risk for the beneficiaries reducing the impact of fluctuations in the exchange rates. The FP7 provisions have been problematic for some countries.

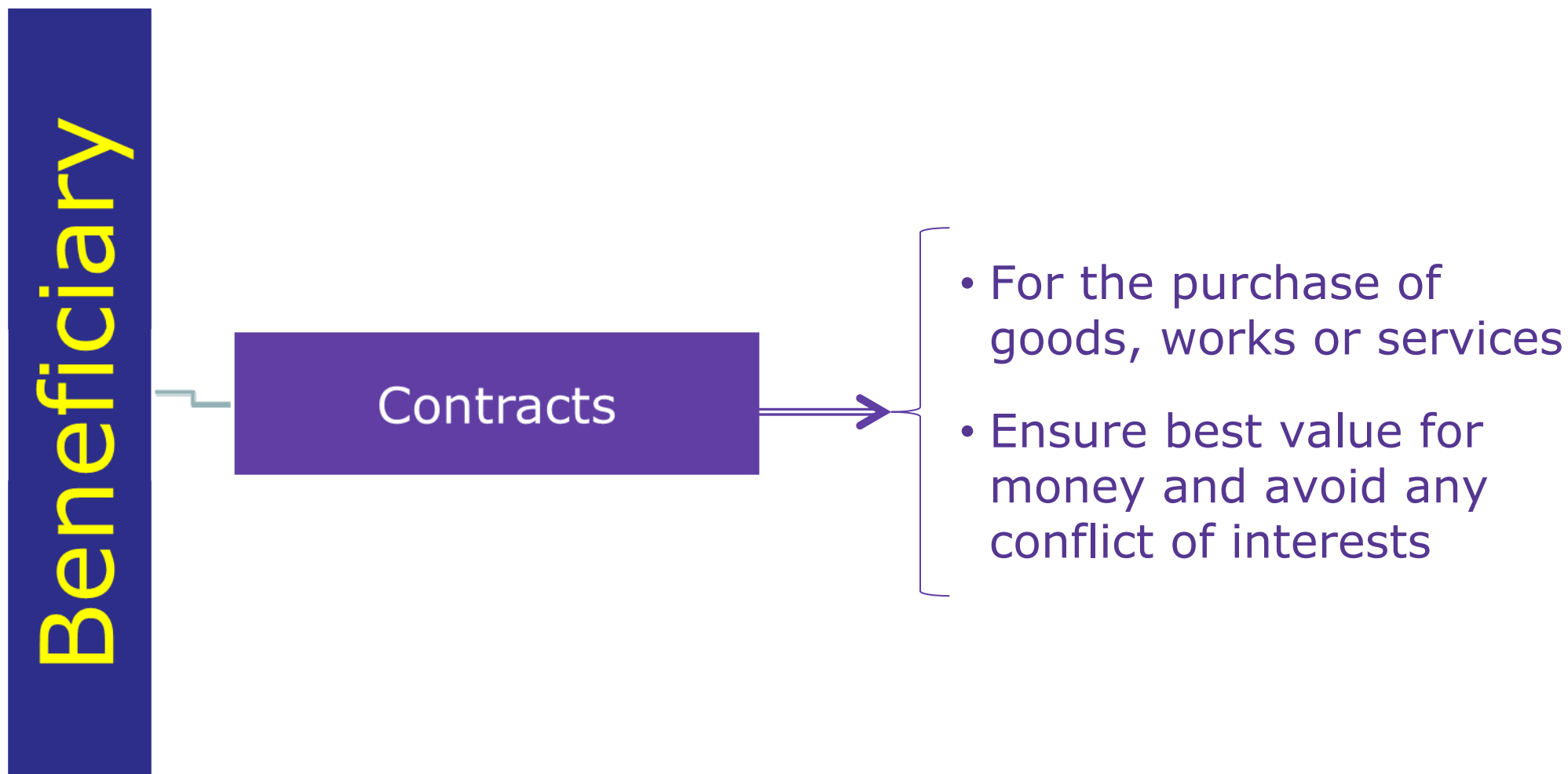
Possible option: using the average exchange rate during the reporting period

7. Definitions and conditions for third parties

8. Requirements for subcontracting

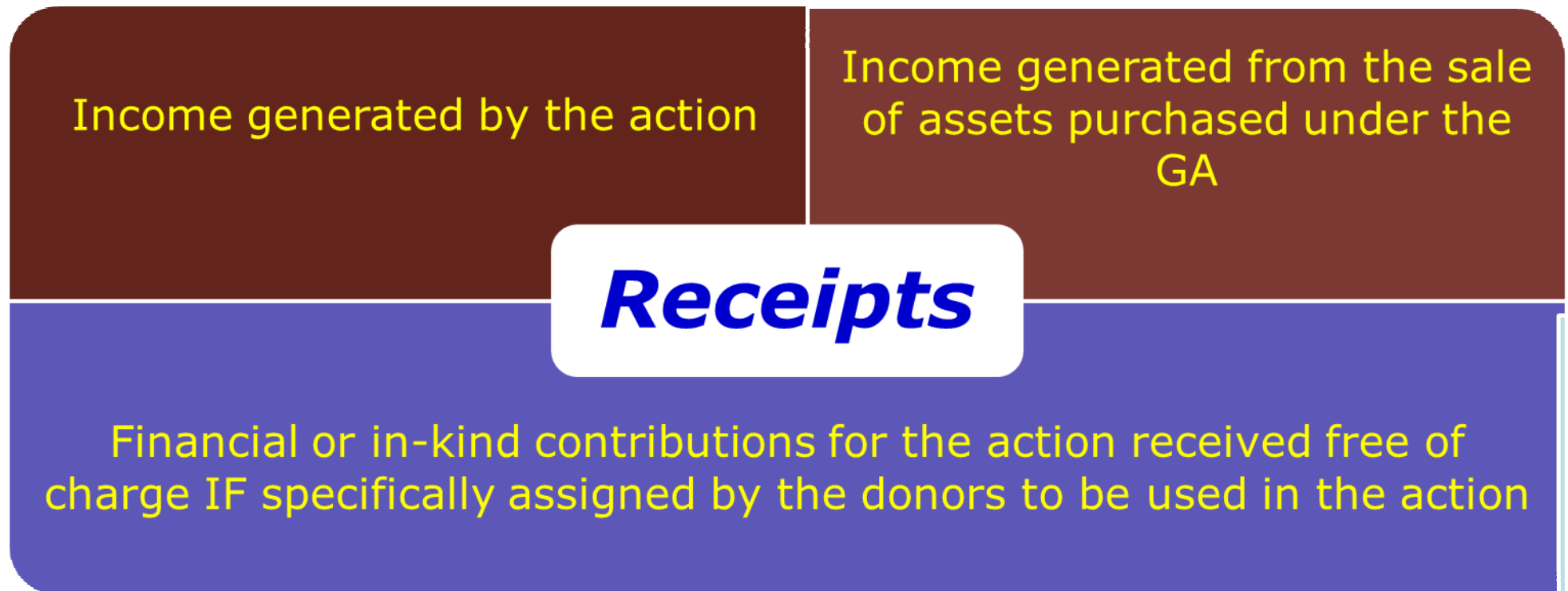


Requirements for contracts



9. Receipts

- **The financial flows considered as receipts will be very similar to those in FP7:**



10. Amendments

- Article on amendments to be simplified (e.g. signature process, supporting documents through the Participant Portal, etc).

11. Gender Issues

- Specific article aiming at the promotion of gender equality.

Article 15 of H2020

Gender equality: "Horizon 2020 shall ensure the effective promotion of gender equality and the gender dimension in research and innovation content."



12. IPR related provisions

- The proposed rules on IPR, exploitation and dissemination of results are being discussed at inter-institutional level.
- Grant agreement:
 - ↪ **Open Access:** the grant agreement will lay down conditions under which open access is to be provided, specifically for peer-reviewed scientific publications relating to results and, when applicable, for research data.
 - ↪ **Confidentiality:** Specific provisions on the handling and disclosure of confidential information will apply.

13. Content of the Consortium Agreement

Commission

The members of a consortium shall conclude a consortium agreement

Council PGA

The Commission **shall publish guidelines** on the main issues that may be addressed by participants in their consortium agreements

EP amendment

- The Commission **shall publish guidelines**
- **Open list of issues** that may be stipulated in the CA

- The final wording of the Rules for Participation will frame the provisions to be included in the model grant agreement.
- In any case, the Commission intends to provide appropriate information and guidance on the content of the consortium agreement.

**Thank you very much for
your attention!**