European Commission

Horizon Europe

THE NEXT EU RESEARCH & INNOVATION INVESTMENT PROGRAMME (2021 – 2027)

#HorizonEU

Simplified forms of costs

Research and Innovation

Breakdown of contents

I: Simplified forms of costs

- **Which ones?**
- **Why?**

II: The Lump sum pilot

- **Why?**
- **A pilot with 2 options**
- **Principles**
- **Lessons learned**

III: Implementation strategy web consultation: French responses on lump sums

European Commission

Horizon Europe - Simplified forms of costs

European Commission

Simplified forms of costs

- **Different simplified forms:**
  - Units
  - Lump sums
  - Flat rate

- **One common two-fold objective:**

  ➢ Reducing the administrative burden & the risk of errors

Why simplified forms?

Focus on conditions triggering the payment

- Shift from focus on financial management and checking costs to focus on scientific-technical content of the projects, e.g.:
  - **For unit**: occurrence of an event, achievement of a deliverable or a specific output etc…
  - **For lump sum**: e.g. performance of a set of activities (e.g. accomplishment of a Work Package).

Examples of usage

- **Actual costs**
  - e.g. Personnel costs, other direct costs, subcontracting etc.
- **Unit costs**
  - e.g. SME owner unit cost, MSCA unit costs
- **Lump sum**
  - All types of costs (i.e. H2020 lump sum pilot)
- **Flat rates**
  - e.g. Indirect costs (25%)

Horizon Europe - Lump sum Pilot

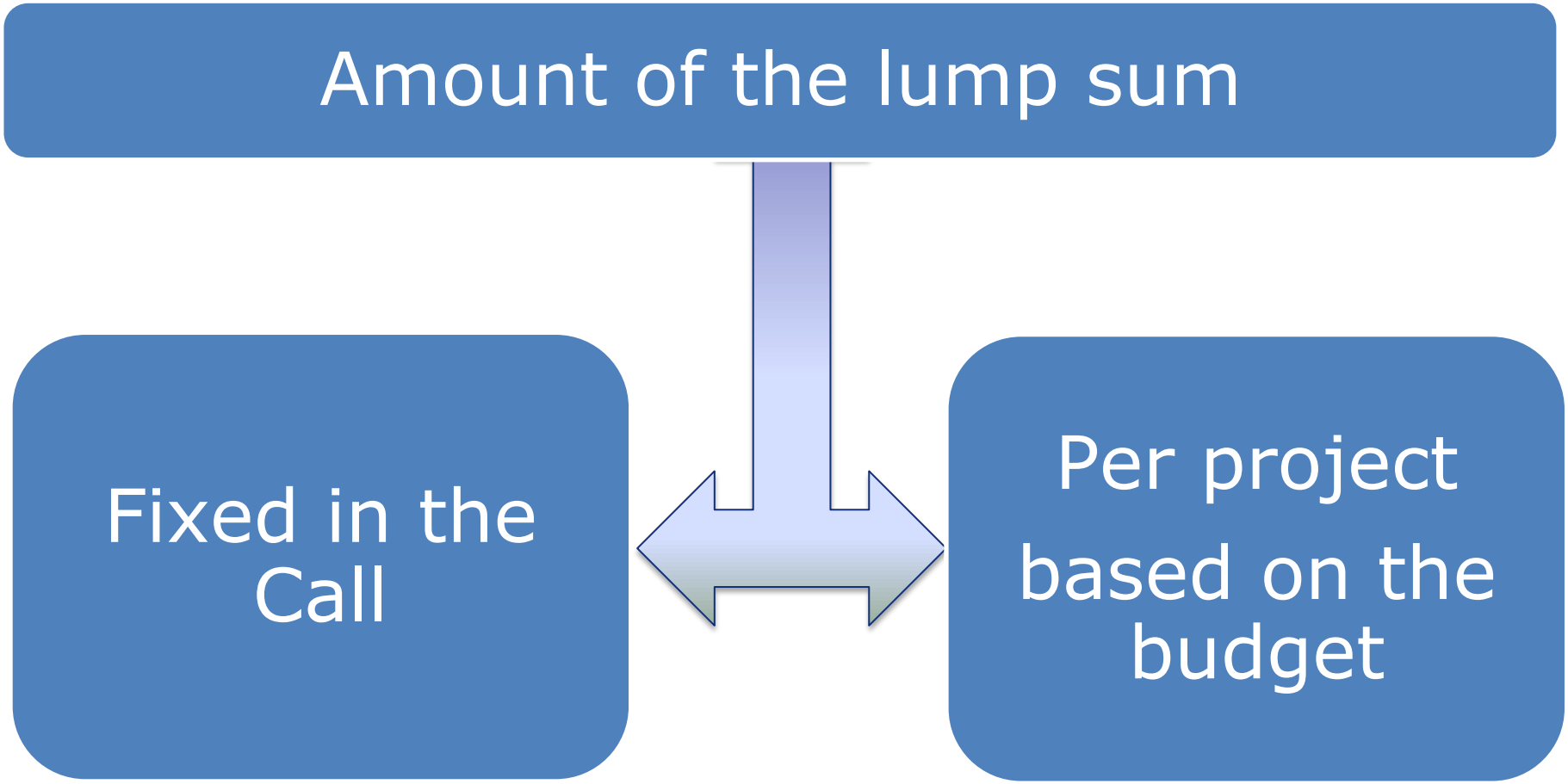
European Commission

Lump sum: Why?

- **Significant simplification potential**:
  - Despite all simplification, funding based on reimbursement of incurred costs stays complex and error-prone
  - Lump sum project funding removes all obligations on actual cost reporting and financial ex-post audits – i.e. a major reduction of administrative burden

- **Focus on performance**:
  - Shift from focus on financial management and checking costs to focus on scientific-technical content of the projects

Lump sum pilot – Two options



European Commission

Lump sum pilot – Two options

- **Option 1**
  - Fixed lump sum per project defined in call for proposals
  - Proposals describe the efforts and resources applicants commit to mobilise for this amount.
  - Applicants must provide proposed split of the lump sum per work package and per beneficiary.
  - The evaluation – and competition between proposals – ensure that adequate resources are committed

- **Option 2**
  - Proposals provide a detailed estimation of costs
  - Experts assess cost details during evaluation and make recommendations (panel will include expert/s with financial expertise).
  - Based on this, the lump sum is fixed during grant preparation

Principles

Lump sum evaluation and grant agreement follow standard approach as much as possible:

- Same evaluation criteria
- Same pre-financing and payment scheme
- Reporting periods and technical reporting as today, though focusing on completion of work packages

One lump sum share is fixed in the grant agreement for each work package

- This amount is paid when the activities in the work package are completed. As today, payment does not depend on a successful outcome, **but on the completion of activities**

Lump sum grant – Budget allocation

Annex 2

Lump sum = Maximum grant amount

Max. liability of the beneficiary after payment of balance

	WP1	WP2	WP3	WP4	WP5	WP6	WP7	WP8	Total
Beneficiary A	250.000			50.000	300.000	250.000		300.000	1.150.000
Beneficiary B		250.000	350.000	50.000			100.000	150.000	900.000
Beneficiary C	100.000	100.000		50.000		280.000			530.000
Beneficiary D		120.000		50.000			100.000	150.000	420.000
Total	350.000	470.000	350.000	200.000	300.000	530.000	200.000	600.000	**3.000.000**

Share of the lump sum per WP

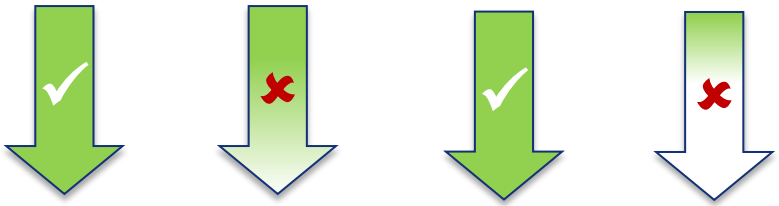
European Commission

Lump sum grant – Interim payment

Sum of the share of the lump sum allocated to Work Packages fully completed in the reporting period

	WP1	WP2	WP3	WP4	WP5
Beneficiary A	250.000			50.000	300.000
Beneficiary B		250.000	350.000	50.000	
Beneficiary C	100.000	100.000		50.000	
Beneficiary D		120.000		50.000	
Total	350.000	470.000	350.000	200.000	300.000

Annex 2



Payment = 350 000 + 0 + 350 000 + 0 = 700 000 €

Limited to 90 % of the total grant

European Commission

Record-keeping for beneficiaries

They need

- Technical documents
- Publications, prototypes, deliverables
- Who did what?
- …any document proving that the work was done

Already the case for actual costs-based MGA

They don't need

- Time-sheets
- Pay-slips
- Depreciation policy
- Invoices
- …any document proving the actual costs incurred

European Commission

Lessons learned: Issues to consider before drawing conclusions

- We are in the first stages: **Experience is very limited!**
- Evaluations of ongoing pilots concluded (NMBP, S2R, Health, ERC-PoC 2 cut-off dates)
- ECA's recommendations on the Special report on H2020 Simplification

Therefore

- We need to increase the number of pilots! ➡ WP 2020!

European Commission

Lump sum: Lessons learned

From proposal preparation:

- Reinforcing information to beneficiaries on lump sum specificities
- Concept of work packages
- Improving the design of the budget Excel sheet
  - **Set of slides 'Lump sum pilots: What do I have to know?'**
  - **Video 'All I need to know about lump sum pilots'**

From evaluation:

- Reinforcing information to evaluators

Other important issues to be underlined :

- Careful selection of experts with project management / financial background
- Homogenous implementation of different pilots

European Commission

New pilots in 2020: Principles considered

- Topics which are suitable for Lump sums
- Pilots fitting in existing Option I and Option II
- Different types of actions: IA-LS, RIA-LS and CSA-LS
- Small and big projects
- Topics from different parts of the work programme
- Implementation by the Commission, and different Executive Agencies

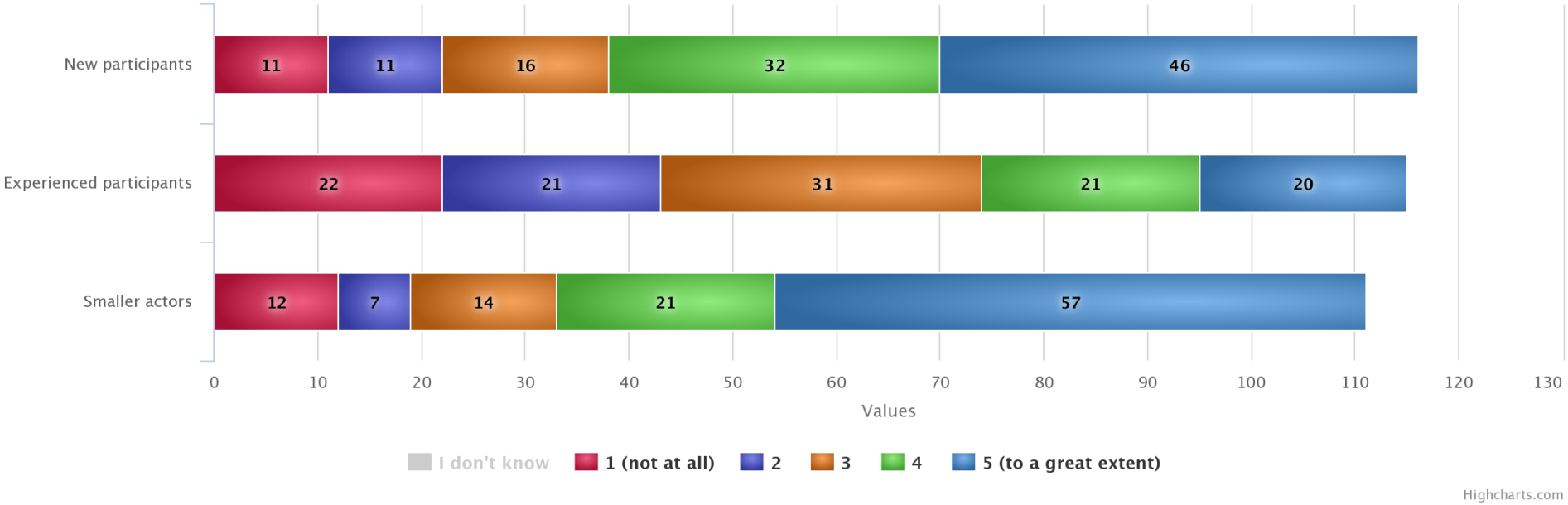
Horizon Europe Implementation strategy online consultation: French responses on lump sums

European Commission

Your contribution to Horizon Europe Co-design

Results of the on-line consultation – French respondents

7.2. Do you think lump sum project funding will make R&I Framework Programme more accessible to…

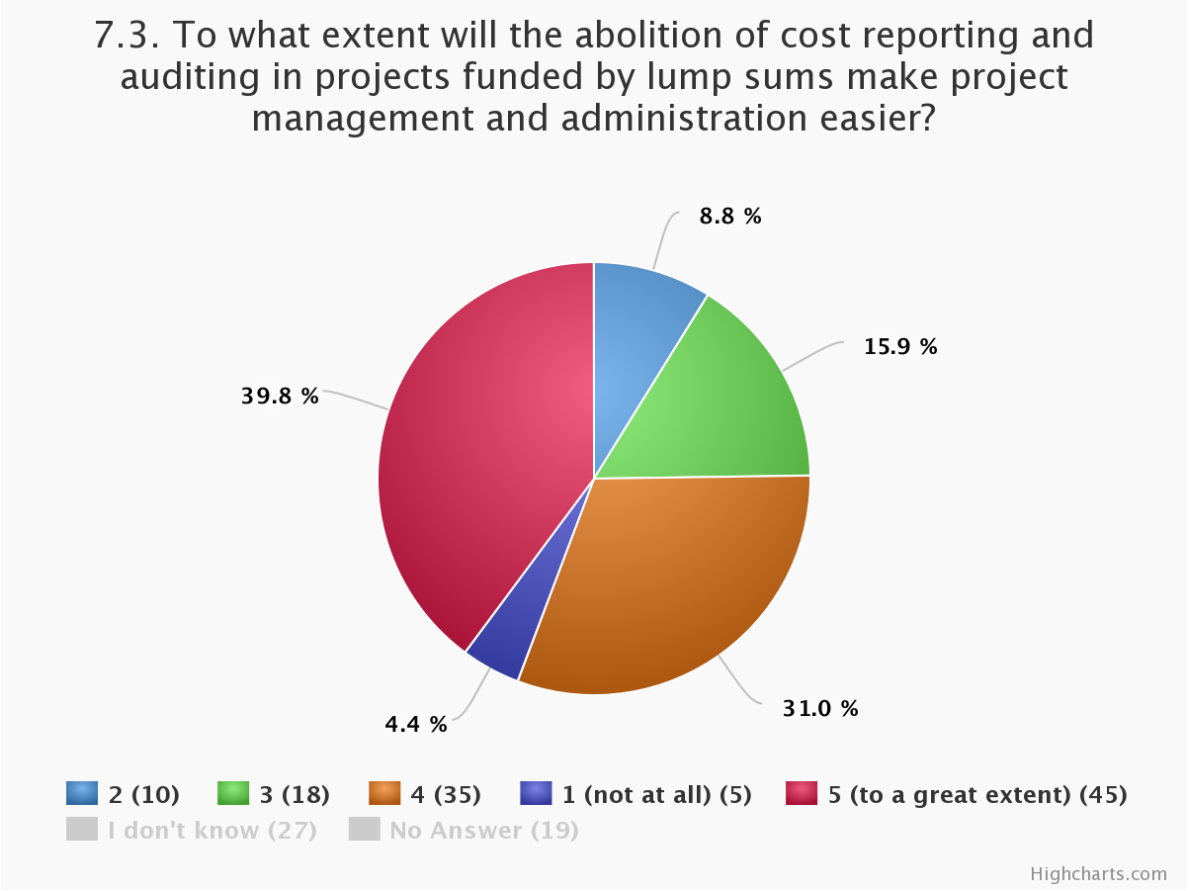


- 70% consider it will be more accessible for smaller actors
- 67% consider it will be more accessible for newcomers
- 49% consider it will be more accessible for experienced participants

European Commission

Your contribution to Horizon Europe Co-design

Results of the on-line consultation – French respondents



- 39,8% consider management and administration will be way easier
- 4.4% consider management and administration will be way more complicated

European Commission

Thank you!

#HorizonEU

http://ec.europa.eu/horizon-europe