



HORIZON 2020

Stakeholders Workshop on Simplification

The Lump Sum Pilot – Methodology

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Lump sum: Why?

- **Huge 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

Pilot consists of 2 topics in 2018

- **2 options/approaches will be tested:**
- **Option 1: lump sum defined in work programme**
 - Digital 'plug and produce' online equipment platforms for manufacturing (IA)
(NMBP)
- **Option 2: lump sum defined in proposal**
 - New anti-infective agents for prevention or treatment of neglected infectious diseases (RIA)
(Health)

Lump sum: Two options

– Option 1

➔ ***A fixed lump sum per project is defined in the call for proposals***

Proposals describe the efforts and resources that the applicants commit to mobilise for this amount.

Applicants must also provide the 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 (stage 2 only)***

Experts assess the cost details during evaluation and make recommendations.

Based on this, the lump sum is fixed during grant preparation

Lump sum: Principles

- **Lump sum evaluation and grant agreement follow the 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
- **Lump sum shares are 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: Principles (II)

- For each work package, the grant agreement defines how the lump sum is split among the beneficiaries participating in it. This limits their financial liability**
- Consortium is jointly liable for implementation as today**
- No actual cost reporting and no financial audits**

Lump sum: State of play

- **Methodologies for fixing and evaluating lump sums and new MGA developed**
 - **COM decisions will be adopted by the time the WP 2018-2020 is also adopted (27 October)**
- **Discussions with NCPs and relevant PC configurations from March – May; feedback was reflected in the design**
- **Dedicated Legal & Financial NCP meeting on 20 June**

Lump sum grant: ex-post controls

Checks, reviews and audits for:



Proper implementation of the action (e.g. technical audit)



Compliance with the other obligations of the grant:



IPR obligations

Obligations related to third parties (e.g. financial support)

Other obligations (e.g. ethics, visibility of EU funding, etc.)



No financial audits except
in cases of alleged fraud

Lump sum grant: ex-post controls

You **need**



- Technical documents
- Publications, prototypes, deliverables
- Who did what?
- ...any document proving that the work was done as detailed in Annex 1

You **don't need**



- Time-sheets
- Pay-slips or contracts
- Depreciation policy
- Travel invoices
-actual costs



Already the case under the general MGA



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**Thank you
for your attention!**

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