

Horizon Europe

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

#HorizonEU

Simplified forms of costs



Breakdown of contents

I: Simplified forms of costs

- Which ones?
- Why?

II: Horizon Europe Implementation strategy online consultation

III: The Lump sum pilot

- Why?
- A pilot with 2 options
- Principles
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Horizon Europe - Simplified forms of costs

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).

Record-keeping for beneficiaries

They need



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

They don't need



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

Already the case for actual costs-based MGA

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

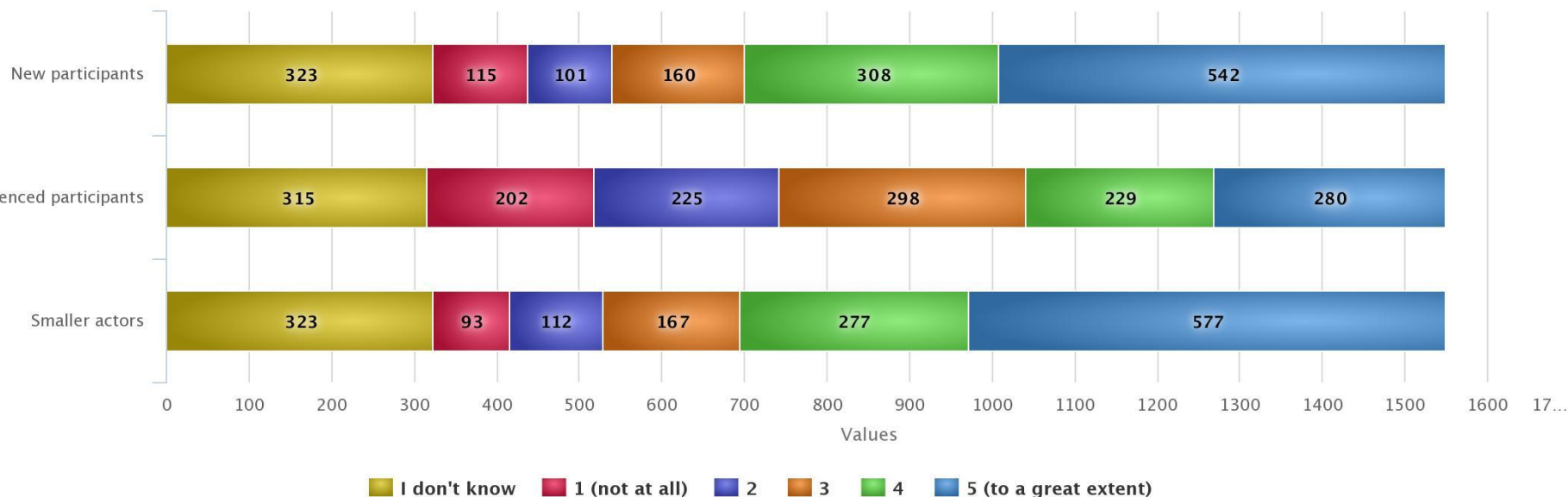
- e.g. Indirect costs (25%)

Horizon Europe Implementation strategy online consultation

Stakeholders contribution to Horizon Europe Co-design

Results of the on-line consultation

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



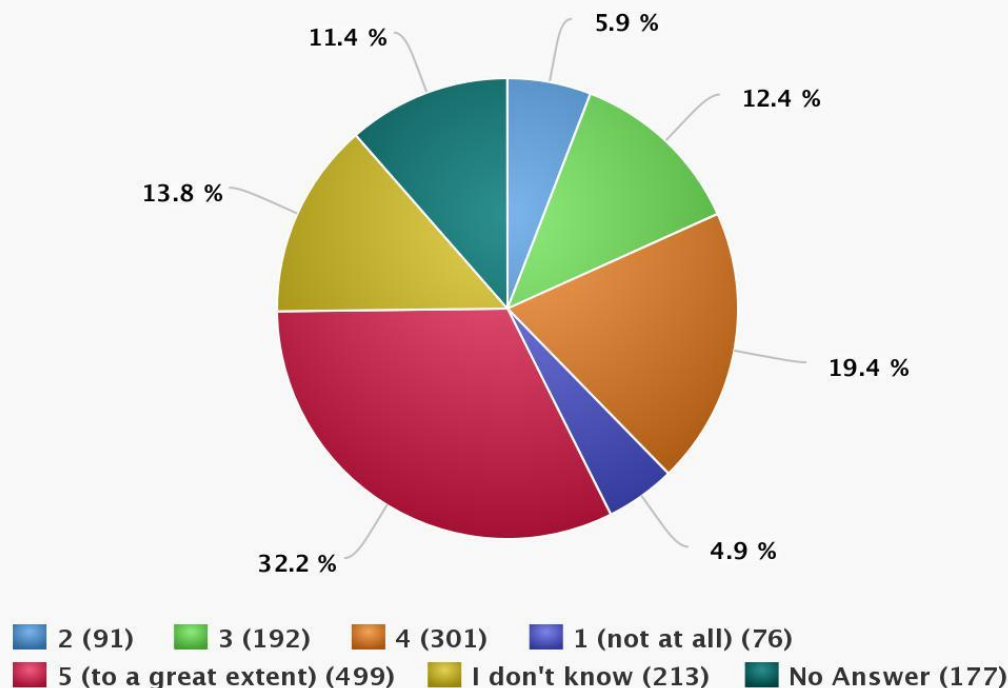
Highcharts.com

- 55% consider it will be more accessible for newcomers
- 55% consider it will be more accessible for smaller actors
- 33% consider it will be more accessible experienced participants
- **Similar pattern from Bulgarian and Romanian respondents**

Stakeholders contribution to Horizon Europe Co-design

Results of the on-line consultation

7.3. To what extent will the abolition of cost reporting and auditing in projects funded by lump sums make project management and administration easier?



- 52% consider management and administration will be easier
- 11% consider management and administration will be more complicated
- ***Similar pattern for Bulgarian and Romanian respondents***

Highcharts.co

Lump sum Pilot

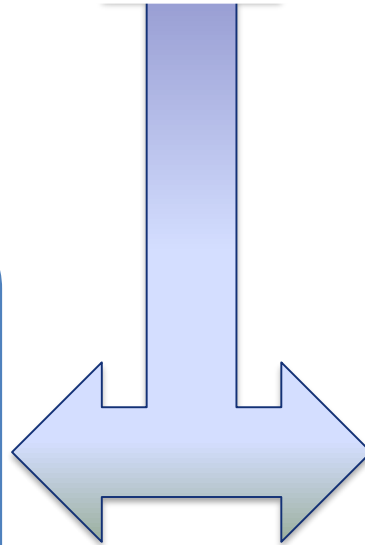
Lump sum: Why?

- **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

Amount of the lump sum

Fixed in the
Call



Per project
based on the
budget

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

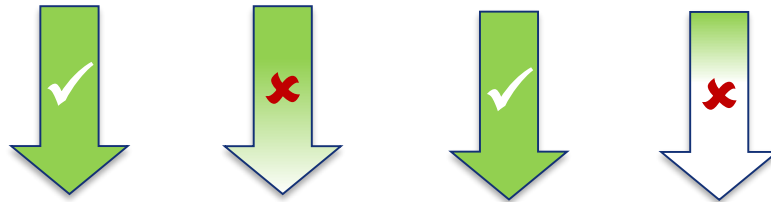
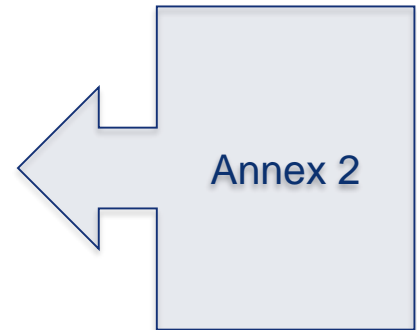
	WP1	WP2	WP3	WP4	WP5	WP6	WP7	WP8	Total
Beneficiary A	250.000			50.000	300.000	250.000		300.000	1.150.000
Beneficiary B		250.000	350.000	50.000			100.000	150.000	900.000
Beneficiary C	100.000	100.000		50.000		280.000			530.000
Beneficiary D		120.000		50.000			100.000	150.000	420.000
Total	350.000	470.000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

Share of the lump sum per WP

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



$$\text{Payment} = 350\ 000 + 0 + 350\ 000 + 0 = 700\ 000\ \text{€}$$



Limited to 90 % of the total grant

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!

Lump sum: Lessons learned

From proposal preparation:

- Reinforcing information to beneficiaries on lump sum specificities
 - Set of slides ‘Lump sum pilots: What do I have to know?’
 - Video ‘All I need to know about lump sum pilots’
 - FAQ on diverse topics how to structure continuous project lifetime WPs (Concept of Work packages, Evaluation, Payment, Amendments, Reporting, etc.)
- Concept of work packages
- Improving the design of the budget Excel sheet

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

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



Thank you!

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

New lump sum pilots in Work Programme 2020

LEIT-NMBP	DT-NMBP-23-2020 (RIA), "Next generation organ-on-chip"	Open for submission: 03/06/2019	1st stage deadline: 12/12/2019 2nd stage deadline: 14/05/2020
SC1 Health	SC1-BHC-37-2020 (RIA) , "Towards the new generation of clinical trials – trials methodology research"	Open for submission: 04/07/2019	Deadline: 07/04/2020
SME Innovation Associate Programme	H2020-INNOSUP-02-2019 (CSA)	Open for submission: 03/09/2019	Deadline: 15/01/2020
FET-Open Innovation Launchpad	FETOPEN-03-2018-2019-2020 CSA	Open for submission: 09/10/2019	Deadline: 14/10/2020

New lump sum pilots in Work Programme 2020

SC2 Food	BG-07-2019-2020, sub-topic for 2020 (IA): "The Future of Seas and Oceans Flagship Initiative", sub-scope C "Technologies for Observations"	Open for submission: 15/10/2019	Deadline: 22/01/2020
SC6 Societies	MIGRATION-04-2020 (IA), "Inclusive and innovative practices for the integration of the post 2015 migrant in local communities"	Open for submission: 05/11/2019	Deadline: 12/03/2020
SC4 Transport	MG-4-9-2020 (IA), "The European mobility culture of tomorrow: Reinventing the wheel?"	Open for submission: 03/12/2019	1st stage deadline: 13/2/2020 2nd stage deadline: 03/09/2020

New lump sum pilots in Work Programme 2020

SC3 Energy	LC-SC3-RES-18-2020 (RIA): "Advanced drilling and well completion techniques for cost reduction in geothermal energy"	Open for submission Opening date: 03/12/2019	Deadline: 21/04/2020
Dissemination & exploitation	NSUP-01-2020 (CSA), "Fostering transnational cooperation between national support structures (e.g. National Contact Points): ensuring a transition between Horizon 2020 and Horizon Europe"	Open for submission Opening date: 08/01/2020	Deadline: 26/03/2020
SC5 Climate	LC-CLA-18-2020 (RIA), "Developing the next generation of Earth System Models"	Forthcoming Opening date: 12/02/2020	Deadline: 07/04/2020