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Horizon 2020 Work Programme for Research & Innovation 2018-2020

Horizon 2020 – Financial Issues

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Research and
Innovation



Overview

1. Eligibility and funding criteria

2. Which costs are eligible?

3. How to budget a proposal?

4. Closure

1. Eligibility and funding criteria

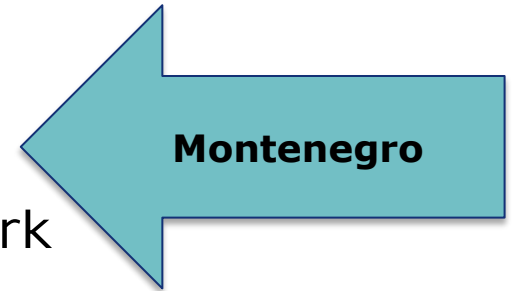


Remember!

Eligibility for Funding – General Rules

Automatically funded:

- Member States
- **Associated Countries**
- Countries listed in Annex A of the Work Programme



Other Partner Countries are funded when:

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



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% funding rate

- **Innovation action/close-to-market (IA)**

- Up to 70% for profit institutions

BUT

- Up to 100% for non-profit institutions



2. 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 project
- 2. Flat-rate** for indirect costs/overhead costs



Marie Skłodowska Curie Actions

- 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 project action

Examples:

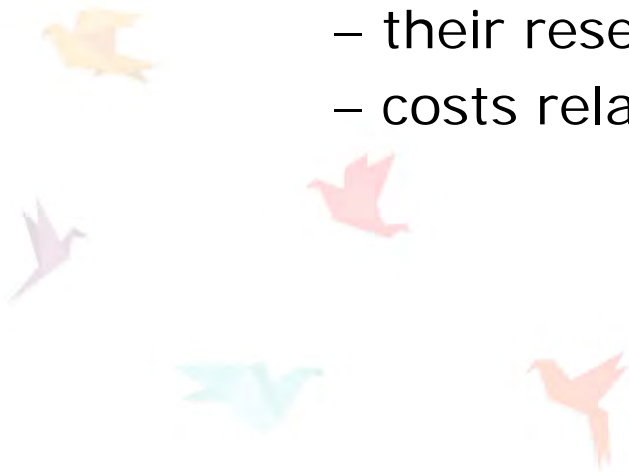
– rents, electricity, heating, office equipment, furniture, phone costs, postage, printing and copy costs, administrative costs

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

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

3. Marie Skłodowska Curie Actions

- **unit costs** organised in several cost categories are used instead of funding rates
- different unit cost categories cover
 - the salary of the fellows
 - their research and training costs and
 - costs related to project implementation



3. How to budget a proposal?



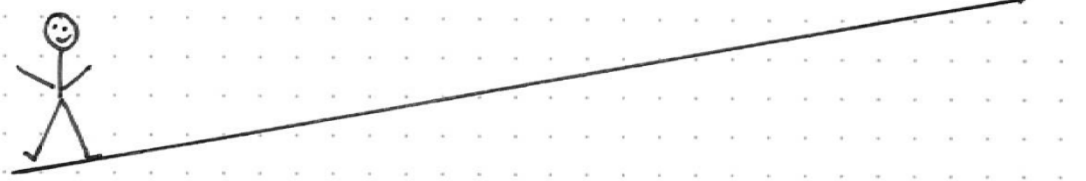
How to budget?

- **>Calculate your costs on a realistic and reasonable basis, as you expect it to appear and to be eligible in the project.**
- Budget should be calculated according to the project needs
- Demonstrates a clear vision of objectives and tasks in a project
- Minimises potential changes during the runtime of a project

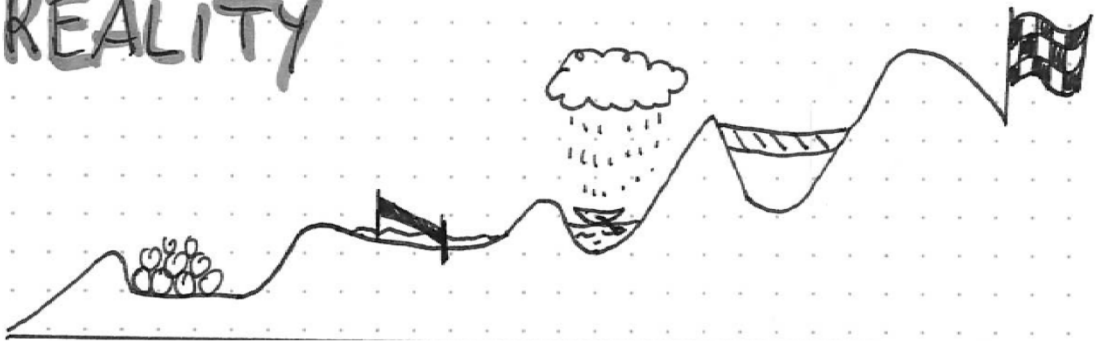
Appropriate budget estimation and distribution is part of the evaluation!

Don't forget financial buffers

PLAN



REALITY



Eligible costs must be....

- Actually incurred during the runtime of the project
 - Indicated in the estimated budget
 - In connection with the action as described in the project description
 - Identified, verified and recorded by the beneficiary's accounts
 - Comply with applicable national law on taxes, labour and social security
 - Reasonable and justified
- 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

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

When are travel costs eligible?

- Travel and subsistence costs for personnel and external experts are eligible if described in the project
- According to the usual practices of the beneficiary
- No distinction between travelling in or outside of Europe
- Not planned or particularly expensive travels: May request approval by the Project Officer



When are equipment costs eligible?

- Only depreciation costs can be charged
- Never higher than the equipment purchase price
- Only the part of the equipment's time used for the project can be charged
- Costs for renting or leasing of equipment is eligible if they do not exceed the depreciation costs

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 project 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

- Necessary for project implementation
- Contribute to the project's content
- Selected according to best value for money
- issues invoice, charges market prices, includes profit
- Tasks to be subcontracted must be indicated in the proposal

When are service costs eligible?

Service Contractors

- Smaller subcontracts that do not contribute to the content but deliver some smaller services (printing flyer, catering etc.)
- Same rules as for subcontractors apply



When are linked third party costs eligible?

What are linked third parties?

Linked third parties are entities that have a legal link with the partner that is not limited to the project duration (e.g. affiliates)

They:

- May carry out work in the project and report its own costs
- Rules regarding eligibility of costs, funding rates and third country participation apply
- Name 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 against payment or free of charge, if those contributions are necessary for project implementation
- No commercial interest of the third party
- Examples:
 - Secondment of employees
 - Providing lab space

Eligible costs for third parties

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

Cost categories have separate columns

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 inkind 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) Reimburse- ment 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

(A) Personnel Costs

(C) Subcontracts

(F) Indirect Cost

(G) Special Unit Costs (EeB)

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

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

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 profits 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

No receipts

Income is not:

- 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

4. Closure



Key messages

- Costs must be incurred during the project, incurred by the beneficiary and have to 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 fixed amount for overhead, calculated as 25% over the personnel and direct costs;
- Receipt and income of projects should be considered in the proposal stage

Thank you!

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