



#HorizonEU



HORIZON EUROPE



THE EU RESEARCH & INNOVATION PROGRAMME

2021 – 2027

HOW TO PREPARE A SUCCESSFUL
PROPOSAL IN HORIZON EUROPE



THE RULES OF THE GAME – THE
MODEL GRANT AGREEMENT

24 March 2021

HE MGA Team - Common Legal Support
Centre, DG R&I, European Commission

What is the grant agreement and why do I need it?

The grant agreement is the contractual document signed with a 'granting authority' (e.g. the Commission or one of its executive agencies) defining



YOUR RIGHTS

e.g.:

- **To receive EU funding**, under the terms and conditions defined in the grant agreement, to help you to accomplish your project
- **To own the results** of the project that you have generated
- **To ask for amendments** of the grant agreement (if something needs to be changed)

YOUR OBLIGATIONS

e.g.:

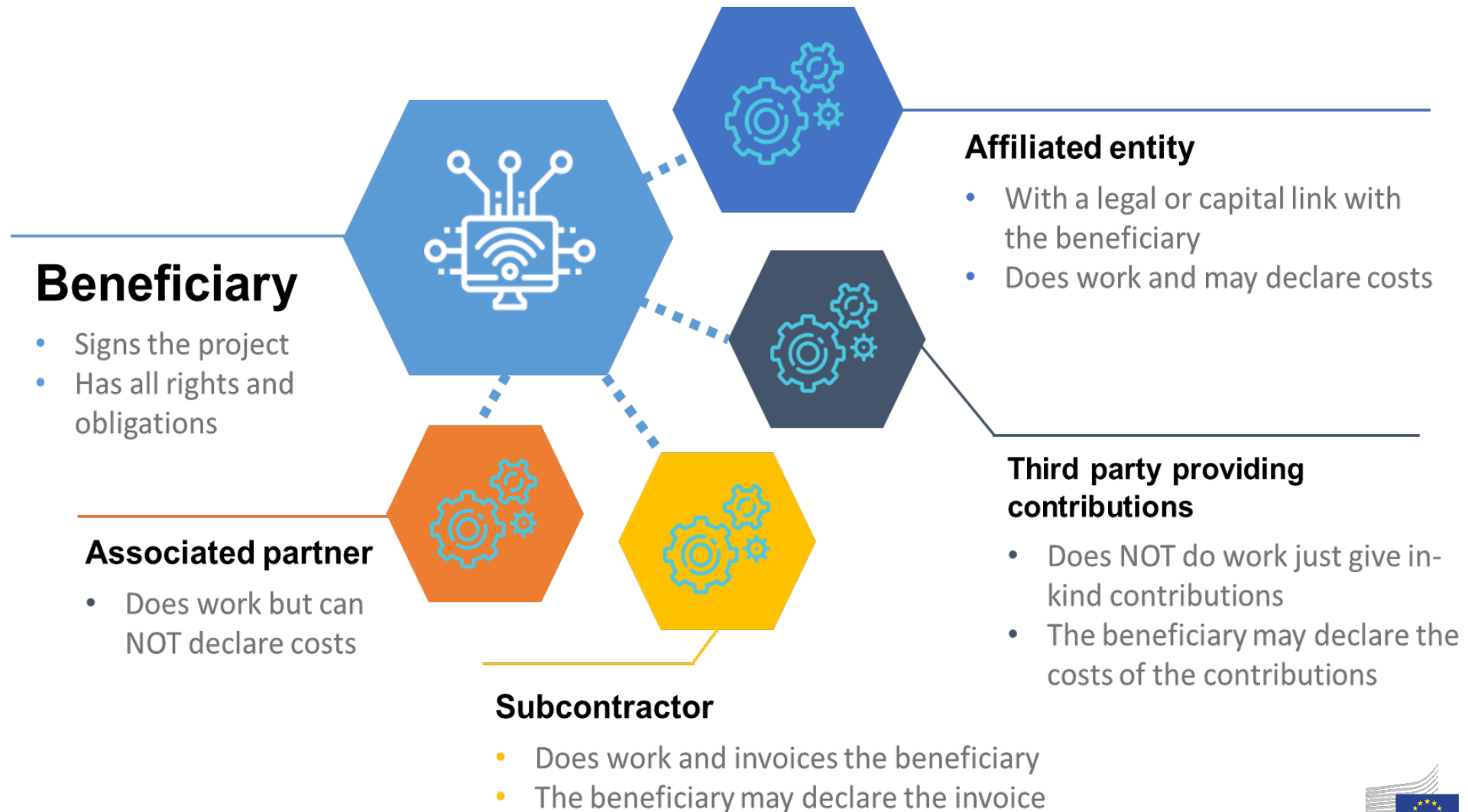
- **To Implement the project** as planned in the description of the action (Annex 1 to the grant agreement)
- **Submit reports** at the time and for the periods defined in the grant agreement
- **Display the EU emblem and reference to Horizon Europe funding** (e.g. information material, equipment funded by the grant, major results);

HOW MUCH MONEY YOU CAN GET

Overall, the granting authority can never pay

- **more than the maximum grant amount fixed in the grant agreement.**
- **But it may pay less; e.g. if the project costs at the end are less than budgeted**

How can I participate in the grant agreement?



How does the Horizon Europe grant agreement look like?



e-GRANT

- The Horizon Europe grant agreement and its management are **fully electronic**. This is from the signature of the grant until its end, all actions and communications will flow via the Funding & Tenders Portal ('the Portal').



CORPORATE STRUCTURE

- The Horizon Europe grant agreement is based on a **Commission-wide model** (so-called '*Corporate Model Grant Agreement*')



SPECIFIC ANNEX 5

Some important Horizon Europe specific rights and obligations are part of this annex 5, like:

- **Security**
- **Ethics**
- **Values (i.e. gender mainstreaming)**
- **IPR**
- **Communication, Dissemination, Open Science and Visibility**
- **Specific rules for carrying out the action**

THE CORPORATE APPROACH

The Model Grant Agreement



Corporate features of the Horizon Europe MGA

more user-friendly structure and readability

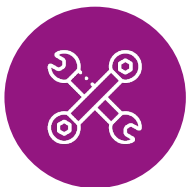
- Data Sheet
- Common numbering
- Common labelling ('granting authority'; 'affiliated entity')
- Grouping of provisions for
 - Types of participants and their roles
 - Rules concerning project implementation
 - Payments and recoveries
 - Certificates (CFS, SPA)

Improved content & features

- reporting explicitly divided into continuous and periodic reporting
- Amendment procedure for BEN termination, GA suspension + GA termination by consortium (instead of Formal Notification)
- less descriptive provisions (reference to published templates)

Alignment with new Financial Regulation (FR 2018)

- reduction/suspension/termination grounds
- Receipts (only for profit legal entities)



Corporate structure of the HE MGA



Core Part

Datasheet

a summary of the specific data of the grant agreement

1. General Data
2. Participant
3. Grant
4. Reporting, payment and recoveries
5. Consequences of non-compliance, applicable law and dispute settlement forum
6. Specific rules Annex 5 & Standard time-limits after project end

Articles

grouped in six chapters

- Chapter 1** – General (Articles 1-2)
- Chapter 2** – Action (Articles 3-4)
- Chapter 3** – Grant (Articles 5-6)
- Chapter 4** – Grant Implementation (Articles 7-26)
- Chapter 5** – Consequences of non-compliance (Articles 27-35)
- Chapter 6** – Final provisions (Articles 36-44)

Corporate structure - Annex 2 (general HE MGA cost categories)



A. PERSONNEL COSTS

- **A.1** Employees
- **A.2** Natural persons under direct contract
- **A.3** Seconded persons
- **A.4** SME owners and natural person beneficiaries



B. SUBCONTRACTING COSTS



C. PURCHASE COSTS

- **C.1** Travel and subsistence
- **C.2** Equipment
- **C.3** Other goods works and services



D. OTHER COST CATEGORIES

- **D.1** Financial support to third parties
- **D.2** Internally invoiced goods and services
- **[D.3 Transnational access to research infrastructure unit costs]**
- **[D.4 Virtual access to research infrastructure unit costs]**
- **[D.5 PCP/PPI procurement cost]**
- **[D.6 Euratom Cofund staff mobility costs]**
- **[D.7 ERC additional funding]**
- **[D.8 ERC additional funding (subcontracting, FSTP and internally invoiced goods and services)]**



E. INDIRECT COSTS

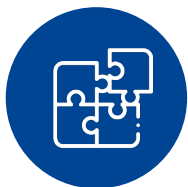


Corporate Structure – Annex 5 (for Horizon Europe)

Annex 5 Special Rules

- **Security** (Article 13)
- **Ethics** (i.e. research integrity) (Article 14)
- **Values** (i.e. gender mainstreaming) (Article 14)
- **IPR** (Article 16)
- **Communication, Dissemination, Open Science and Visibility** (Article 17)
- **Specific rules for carrying out the action** (Article 18)
 - recruitment and working conditions,
 - specific rules for access to research infrastructure actions,
 - specific rules for PCP and PPI procurements,
 - specific rules for co-funded partnerships,
 - specific rules for ERC actions,
 - specific rules for EIT-KIC actions,
 - specific rules for MSCA actions
 - specific rules for EIC actions

Disclaimer: Information not legally binding



MAIN LEGAL AND FINANCIAL NOVELTIES OF

Horizon Europe

Model Grant Agreement



Horizon Europe General MGA

[Version 1 published on 25 February 2021 on the Funding and Tenders Portal](#)

Programming period

2021-2027

Horizon Europe (HORIZON)

Clear filter

Reference Documents

Grants

This page includes reference documents of the programmes managed on the EU Funding & Tenders portal starting with legal documents and the Commission work programmes up to model grant agreements and guides for specific actions.

Please select the programme to see the reference documents.

Procurement

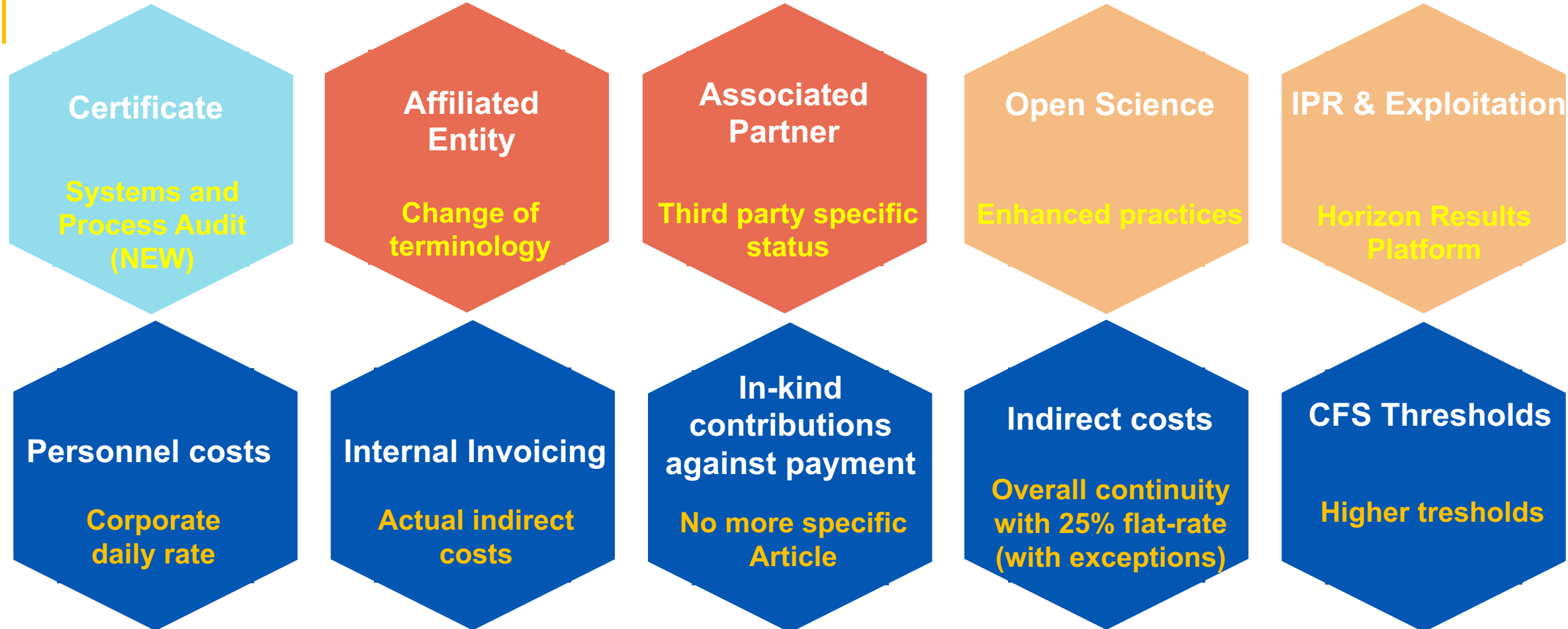
Reference Documents related to tendering opportunities are published on [TED eTendering](#) in the calls for tenders.

Filter

Expand all

- Legislation
- Work programme & call documents
- Grant agreements and contracts
- HE General MGA v1.0

Main changes at a glance



Corporate MGA

Terminology, Data Sheet & Annex 5

THIRD PARTIES

Horizon Europe Model Grant Agreement



Affiliated entities

Article 187 (1)(b) of the EU Financial Regulation:

Entities *'that have a link with the beneficiary, in particular a legal or capital link, which is neither limited to the action nor established for the sole purpose of its implementation'*.

Affiliated entities in Horizon Europe = Linked third parties in Horizon 2020

(alignment of labelling/definition in the corporate context)

Associated Partner (AP)

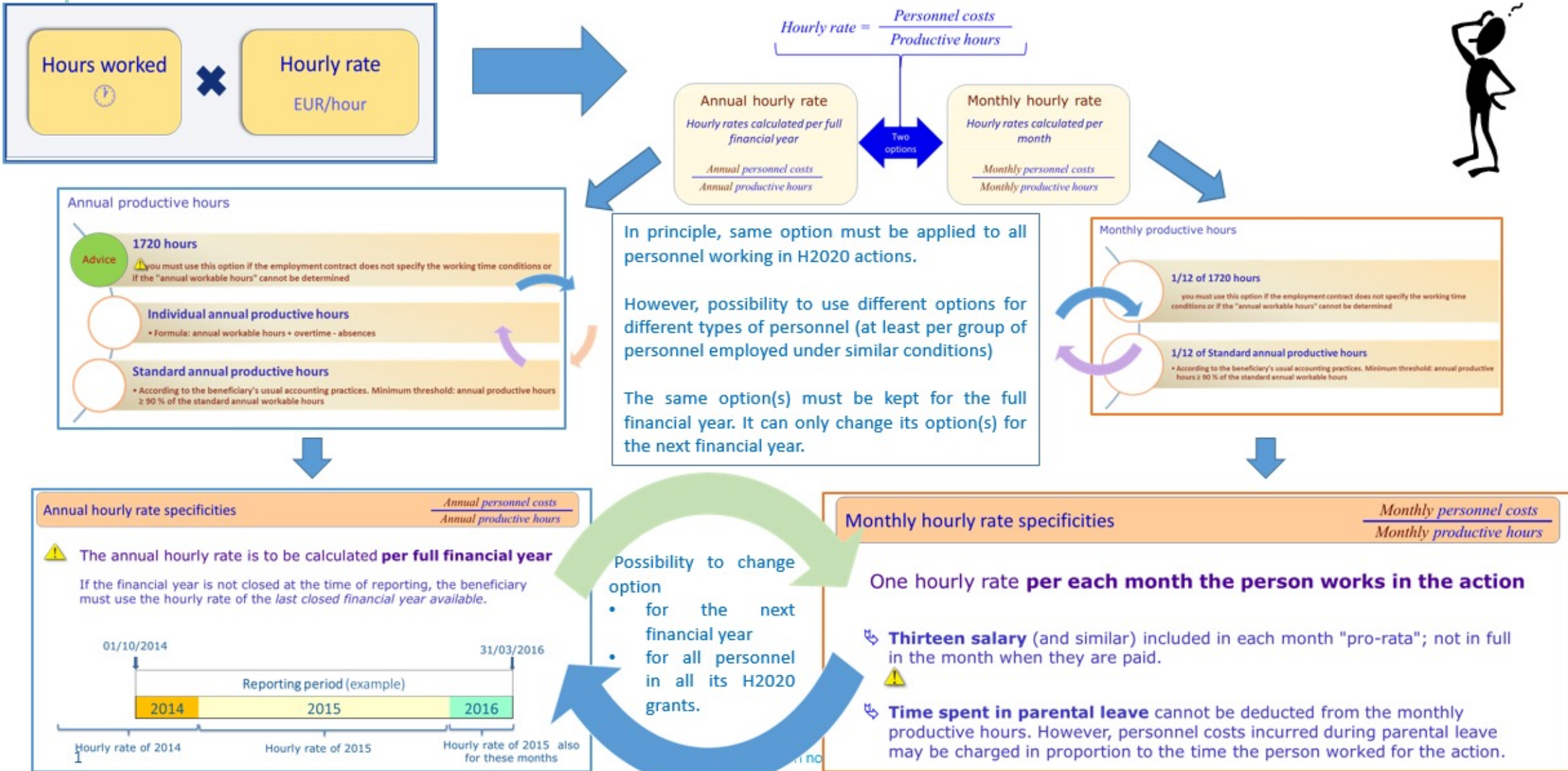
- Inherited and derived from the '**International partner**' status in H2020 MGA
- **Corporate terminology** and status with the following features:
 - AP does work but cannot declare costs
 - AP can be linked:
 - either to one or more beneficiaries
 - or with the whole consortium
- The beneficiaries must ensure that some of MGA obligations also applied to AP (*i.e. Articles 11 (proper implementation), 12 (conflict of interests), 13 (confidentiality and security), 14 (ethics), 17.2 (visibility), 18 (specific rules for carrying out action), 19 (information) and 20 (record-keeping)*)

PERSONNEL COSTS

General case – Corporate daily rate provisions

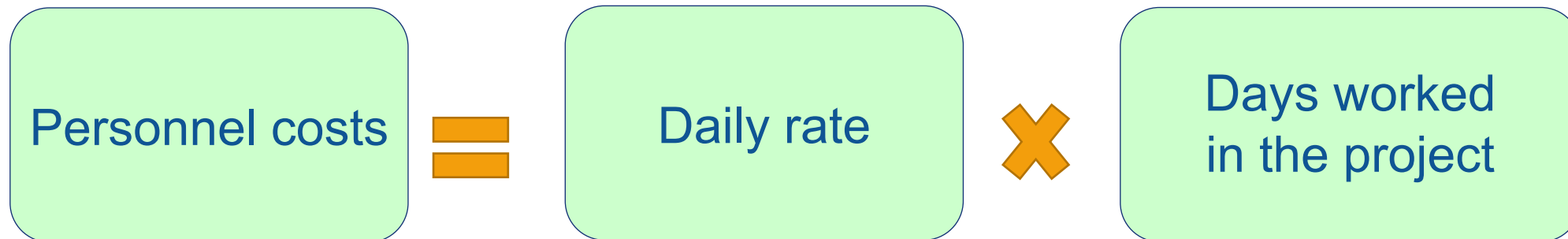


Horizon 2020: a snapshot of the situation



Personnel costs – new calculation

- Discontinuation of the different formulas (annual and monthly) and options for productive hours (entailing difficult and error-prone calculations)
- No more 'last closed financial year' rule
- Instead, use of a single corporate daily rate and calendar year approach



Daily rate calculation

COSTS

$$\text{Daily rate} = \frac{\text{actual annual personnel costs for the person}}{215^*}$$

* For Horizon Europe: Still possible to **deduct actual working days spent on parental leave** from the fixed number of 215 days

Daily rate calculation

When?

- **per calendar year** (from January to December)
- except for the months running from the end of the last calendar year until the end of the reporting period. For those months, you must calculate **a separate partial daily rate as follows:**

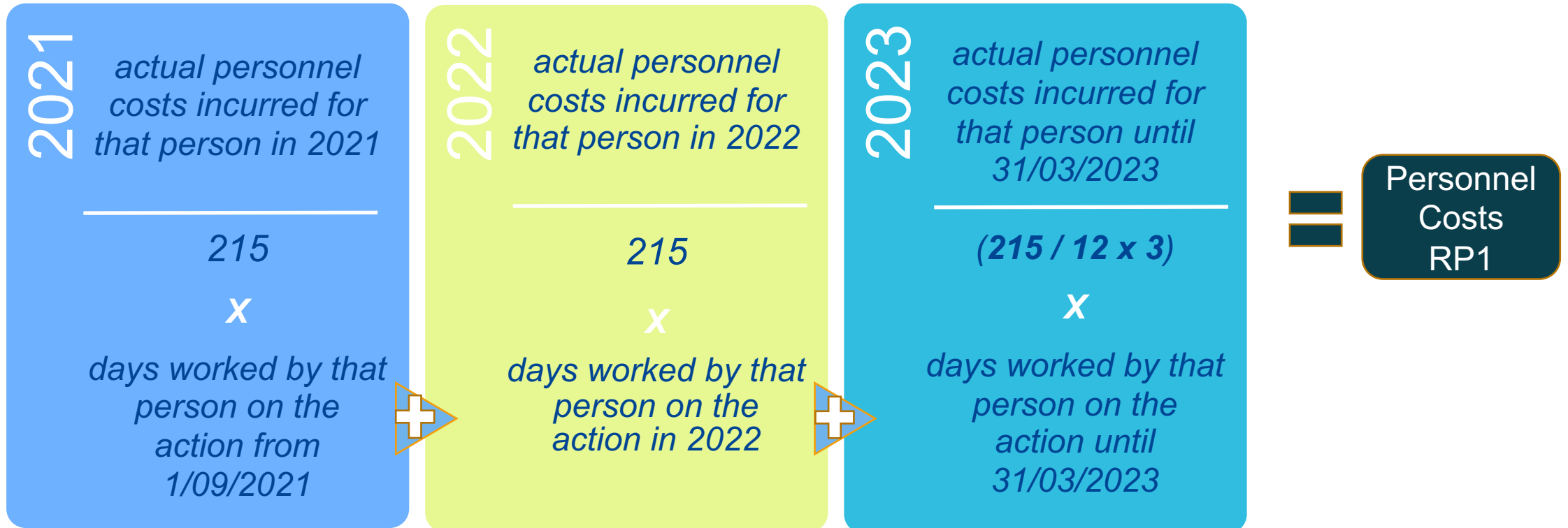
*{actual **personnel costs** of the person incurred over those months*

divided by

{215 / 12 (months) x number of months from the January until the end of the reporting period}}

Example

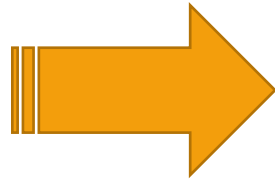
Costs for Researcher Y in reporting period 1. Reporting period 1 runs from 1/09/2021 until 31/03/2023:



Days worked – record keeping

COSTS

Days worked



- use reliable **time records** (i.e. time-sheets) either on paper or in a computer-based time recording system.
- **Or**
- sign a monthly declaration on days spent for the **action** (template under development).

Time recording system in hours



'Day-equivalent' → 3 conversion rules at hand

1. A conversion based on the average number of **hours that the person must work per working day according to her/his contract.**

Example: if the contract says that the person must work 37,5 hours per week distributed in 5 working days, a day-equivalent for the person is 7,5 hours ($37,5 / 5$). In the same example, if the person works 50 % part-time, the day-equivalent would be 3,75 hours ($18,75 / 5$).

2. A conversion based on the **usual standard annual productive hours** of the beneficiary, if it is at least 90% of the workable time (i.e. continuity with H2020)

Example:

Standard annual productive hours of the beneficiary = 1600 Standard annual workable hours of the beneficiary = 1720

$1720 \times 90\% = 1548 < 1600$

$1600/215 \Rightarrow 7.44 \text{ hours} = 1 \text{ day-equivalent}$

3. A conversion based on a fixed number of hours (e.g. for beneficiaries with no reference in their contracts nor standard annual productive hours):
1 day-equivalent = 8 hours

Time recording system in hours



'Day-equivalent': When to do the conversion?

Each time that you have to calculate a daily rate → **per calendar year**

For example at the time of a reporting period:

If a daily rate is calculated for year 2021, the beneficiary must convert into day-equivalents the total number of hours worked by the person on the action during 2021 altogether.

Main differences with Horizon 2020

- Discontinuation of the different formulas (annual and monthly) and options for productive hours (entailing difficult and error-prone calculations)
- No more 'last closed financial year' rule
- Instead, use of a single corporate daily rate and calendar year approach

PROJECT-BASED REMUNERATION



Horizon Europe specific provisions

Project-based remuneration at a glance



WHAT IS IT?

- ❖ Usual remuneration practices of a legal entity under which a **personnel receives supplementary payments for work in projects**

Example:

an employee who gets a bonus or a new contract with a higher salary level for working in a project.



HOW MUCH CAN BE DECLARED?

- ❖ Actual remuneration costs paid by the legal entity for the time worked by the personnel in the action (**'action daily rate'**) **up to** the remuneration that the person **would be paid for work in R&I projects funded by national schemes** (**'national projects daily rate'**)



METHODOLOGY?

- ❖ **Compare**

Action daily rate

National Projects daily rate*

- ❖ Take **the lower of the two.**

* Usually based on:

- *either regulatory requirements (such as national law or collective labour agreements)*
- *or your written internal remuneration rules*



INTERNALLY INVOICED GOODS & SERVICES

Horizon Europe specific provisions



Internal invoicing



What? Costs for goods and services which are produced or provided within the beneficiary's organisation directly for the action and the beneficiary values on the basis of its usual cost accounting practices.

Examples:

- *self-produced consumables (e.g. electronic wafers, chemicals)*
- *specialised premises for hosting the research specimens used for the action (e.g. animal house, greenhouse, aquarium)*
- *standardised testing or research processes (e.g. genomic test, mass spectrometry analysis)*
- *use of specific research devices or research facilities (e.g. clean room, wind tunnel, supercomputer facilities, electronic microscope)*

NEW Wider reliance on beneficiary's usual cost accounting practices for the unit cost calculation with:

- ❖ No application of the 25% flat-rate on top of the unit cost (*H2020 rules*)
- ❖ instead, possibility to accept actual indirect costs allocated via **beneficiary's usual key drivers** in the unit cost calculation

IN-KIND CONTRIBUTIONS



Horizon Europe specific provisions

In-kind contributions – both still eligible under HE

COSTS



IN-KIND CONTRIBUTIONS AGAINST PAYMENT

- **No more special Article** (corporate approach):
- But **they can still be declared** as:
 - **Seconded persons** under **Personnel costs provisions**
 - **Other types** as purchase of goods, works or services
- Indirect costs calculated on top via the 25% flat-rate



IN-KIND CONTRIBUTIONS FREE OF CHARGE

- **Specific provisions (Art 6(1) & Art 9(2)) HE MGA** (stemming from Horizon Europe specific legal base)
- They must be declared under the relevant cost category (i.e. as if they were costs incurred by the beneficiary).
- Only **direct costs** must be reported
- Indirect costs calculated on top via the 25% flat-rate (with exceptions, like for internal invoicing)

RECEIPTS



Horizon Europe specific provisions

Receipts under Horizon Europe



Corporate approach → Alignment with the revised Financial Regulation (FR 2018)

Horizon Europe derogation → Income generated by the exploitation of the results shall **NOT** be considered as receipts of the action (Art 36(2) HE RfP → continuity with H2020)

EQUIPMENT COSTS



Horizon Europe specific provisions

Equipment costs



Continuity

Depreciation costs are **by default** eligible.

By exception, full costs may be eligible.

Further clarity

Optional provisions addressing the specific case of **assets under construction (e.g. prototype)** and their related **capitalised costs**:

- The **full construction costs** (typically the costs of the personnel involved in the construction of the prototype)
- The **full purchase costs** (typically any component, pieces of equipment bought for the prototype)

INDIRECT COSTS



Horizon Europe specific provisions

Indirect costs

What?

Costs that are only indirectly linked to the action implementation
(Art. 6(1) General eligibility conditions of the Horizon Europe MGA)

continuity

Flat-rate of 25% of the eligible direct costs, except subcontracting costs, financial support to third parties and exempted specific cost categories, if any.
(Art. 6(2)(E) Indirect costs of the Horizon Europe MGA)

NEW

Possibility to accept actual indirect costs allocated via beneficiary's usual key drivers in the unit cost calculation for **internally invoiced goods and services**

CERTIFICATE ON FINANCIAL STATEMENTS (CFS)



Horizon Europe specific provisions

Certificate on financial statements (CFS)

COSTS

ALIGNMENT WITH CORPORATE APPROACH



HIGHER THRESHOLD

- **EUR 430 000**
(increased from EUR 325 000 in H2020)
- CFS to be submitted at **payment of the balance**



SIMPLER CALCULATION BASE

- **Requested EU contribution calculated on all costs** (not only actual costs and unit costs calculated in accordance with usual costs accounting practices as in H2020)



LESS CFS FOR LOW-RISK BENEFICIARIES WITH SPA

- For **beneficiaries with a low-risk classification** after **a SPA** the threshold will increase to **EUR 725 000** (from EUR 430 000)

SYSTEMS AND PROCESSES AUDITS (SPA)



Horizon Europe specific provisions

Horizon Europe: System and Processes Audit (SPA)



□ What is a SPA ?

A risk assessment & an audit opinion

in 2 steps:

- Test of the systems / Tests of controls
- Substantive testings / Tests of Transactions

assessing 3 types of risks:

- Inherent Risk at the level of the entity
- Control Risk at the entity level
- Budget Category Specific Control Risk and their project based accounting

providing 1 Output:

- One single report in two parts
- Combined review result ► flag as Low, Medium or High

Horizon Europe: System and Process Audit (SPA)



Who can apply?

Any beneficiary that:

- uses unit, flat rate or lump sum costs or contributions according to documented (i.e. formally approved and in writing) usual costs accounting practices (if any)

OR

- has formalised documentation on the systems and processes for calculating their costs and contributions (i.e. formally approved and in writing),
- has participated in at least 150 actions under H2020 or Euratom and,
- participates in at least 3 ongoing actions under HE or Euratom.

How?

Step 1 — The beneficiary submits the application in the system which will be assessed by the EC auditors

Step 2 — If application accepted, the EC auditors (directly or indirectly) will carry out the SPA

Step 3 — The audit result will take the form of a risk assessment classification

What benefits for beneficiaries classified as ‘low-risk’?

- less (or less in-depth) ex-post audits AND,
- a higher threshold for submitting CFS (i.e. 725.000 EUR instead of 430.000 EUR) statements



Thank you!

HorizonEU

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



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