

“Stakeholder workshop shaping how Horizon Europe is implemented”

Brussels 30 January 2019

Stream II: “The use of simplified forms of costs (lump sums, unit costs, flat rates)”

Why using simplified forms of costs?

The Commission has frequently been criticised for concentrating too much on spending and not enough on performance. For decades, the focus was essentially on verifying whether grants have been spent properly. Insufficient attention was devoted to what matters the most: the actual outcomes of the funded actions.

Simplified forms of costs lump sums, unit costs and flat rates, encourage a shift of attention from costs to outputs, while leading to a significant decrease in the administrative burden.

The Lump Sum pilot

Funding based on reimbursement of incurred costs, which is the model applied in R&I programmes, requires extensive financial reporting and is prone to error. Lump sum funding on the other hand provides considerable simplification potential. It will remove all obligations on cost reporting, and remove the need for timesheets and for financial ex-post audits on costs incurred – removing a big part of the administrative burden on beneficiaries.

Furthermore, using Lump sums will shift the focus on financial management and checking costs to the scientific-technical content of the projects.

In the R&I field the first significant step towards the use of simplified forms of costs took place under H2020 with the 2nd wave of simplification. In particular, the Lump Sum pilot was launched in 2018 in specific calls of H2020 to test simplified forms of funding for multi-beneficiary actions.

Two types of pilots

Two options for setting out the lump sum were put forward: either fixed ex-ante by the Commission in the call for proposals (Option I), or proposed by the applicants for each grant agreement based on a detailed estimation of costs (Option II).

Option I is being tested for the topic: “Digital ‘plug and produce’ on-line equipment platforms for manufacturing” (IA) within the NMBP part of the programme, the ERC Proof of Concept is as well testing this lump sum option for the programme 2019-2020 (first cut-off date 22/01/2019).

Option II is being tested for the topic “New anti-infective agents for prevention or treatment of neglected infectious diseases” (RIA) within the Health part of the programme and, by the Shift to Rail (S2R) JU (both in the 2018 and 2019 work programmes).

Limited experience: More pilots needed in view of assessing wider use in Horizon Europe

The experience from the pilots is still limited given that they were launched recently. Therefore, in view of a wider use under Horizon Europe, further testing is needed within H2020.

In its Special report on H2020 Simplification, the European Court of Auditors highlights the potential of simplified cost options, in particular lump sums, as a major step to decrease administrative burden for beneficiaries, and calls to intensify the testing of lump sums. In this respect, ECA recommends analysing and reporting on the outcome of calls already launched under H2020 and, launching new pilot initiatives on larger scale to identify most suitable types of project, assess possible drawbacks and design appropriate remedies.

Looking at the future based on the lessons learned so far

To date, three evaluations, NMBP, Health and S2R pilots, have concluded, and the ERC Proof of Concept pilot is currently open with the first cut-off date foreseen on 22/1/2019. Grants of the NMBP and S2R pilots have already been signed, while the Health pilot is starting the GAP.

Although the experience from the pilots is still very limited given that they were launched recently, an assessment of the lessons learned from the submission, evaluation and GAP of the first pilots is being carried out since day one. This has allowed reinforcing certain implementation aspects from the first to the following lump sum pilots. For instance, we have improved briefing to evaluators, and solved some IT –related questions. Furthermore, we are more knowledgeable to provide clearer guidance for beneficiaries of future lump sum pilots and, we will prepare frequently asked questions on how to structure continuous project lifetime WPs (management, dissemination & exploitation, etc.)

In the context of this parallel session, we will have the unique opportunity of sharing the lessons learned so far regarding proposal preparation, submission and evaluation. We will count with the active participation of beneficiaries from several successful projects within the active pilots, as well the projects officers responsible for them.

An increased use of lump sum project funding against fulfilment of activities will be explored in appropriate areas under Horizon Europe, based on the experience of the H2020 trials. Therefore, in view of gaining more experience we are looking at possibilities of launching new pilots for the 2020 work programme.

Are you willing to join this parallel session and discuss how to improve the design and implementation of the future lump sum pilots?

Your feedback and participation are very welcome!