



Brussels, 27.10.2017
C(2017) 7151 final

COMMISSION DECISION

of 27.10.2017

on authorising the use of reimbursement on the basis of a lump sum for the eligible costs of actions under the Horizon 2020 Framework Programme for Research and Innovation and under the Research and Training Programme of the European Atomic Energy Community (2014-2018)

COMMISSION DECISION

of 27.10.2017

on authorising the use of reimbursement on the basis of a lump sum for the eligible costs of actions under the Horizon 2020 Framework Programme for Research and Innovation and under the Research and Training Programme of the European Atomic Energy Community (2014-2018)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Treaty establishing the European Atomic Energy Community,

Having regard to the Regulation (EU) No 1291/2013 of the European Parliament and of the Council establishing Horizon 2020 - The Framework Programme for Research and Innovation (2014-2020)¹, and in particular Article 10 thereof,

Having regard to the Regulation (EU) No 1290/2013 of the European Parliament and of the Council laying down the rules for participation and dissemination in Horizon 2020 – the Framework Programme for Research and Innovation (2014-2020)², and in particular Article 28.6 thereof,

Having regard to the Council Regulation (Euratom) No 1314/2013 on the Research and Training Programme of the European Atomic Energy Community (2014-2018) complementing the Horizon 2020 – The Framework Programme for Research and Innovation³, and in particular Article 6(1) thereof,

Having regard to Regulation (EC, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union⁴ and in particular Article 124 thereof,

Whereas:

- (1) Article 182 of Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union⁵ contains detailed rules regarding lump sums,
- (2) Simplification as a central aim of the Horizon 2020 Framework Programme and of the Euratom Programme complementing Horizon 2020 needs to be reflected in its design, rules, financial management and implementation,
- (3) Simpler funding rules reduce the administrative costs for participation and contribute to the prevention and reduction of financial errors. In this respect, the use of lump

¹ OJ L 2013, 20.12.2013, p. 104-173.

² OJ L 2013, 20.12.2013, p. 81-103

³ OJ L-2013, 16.12.2013 p. 948-964

⁴ OJ L 2012, 26.10.2012, p. 1-96

⁵ Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council on the financial rules applicable to the general budget of the Union (OJ L 362, 31.12.2012, p. 1).

sums is appropriate to simplify the calculation of grant amounts, to significantly decrease the workload of both the beneficiaries and the Commission as well as to accelerate payment procedures,

- (4) The use of lump-sum financing should therefore be authorised for actions under the Horizon 2020 Framework Programme and under the Euratom Programme complementing Horizon 2020,

HAS DECIDED AS FOLLOWS:

Article 1

The use of grants reimbursing eligible costs on the basis of a lump sum is authorised for all actions under the Horizon 2020 Framework Programme for Research and Innovation and under the Euratom Research and Training Programme (2014-2018), for the reasons and under the conditions set out in the Annex.

This Decision shall apply from the entry into force of this Decision.

Done at Brussels, 27.10.2017

For the Commission
Carlos Moedas Member of the Commission

1. Form of grant and categories of costs covered

Grants under the Horizon 2020 Framework Programme and under the Euratom Programme complementing Horizon 2020 may take the form of a lump sum, for calls or topics specified in the Horizon 2020 Work Programme 2018-2020.

This lump sum will be determined for each grant by the Commission/Agency on the basis of the following principles:

- (a) The lump sum must be an approximation of the beneficiaries' underlying actual costs;
- (b) The applicants must propose the amount of the lump sum on the basis of their estimated direct and indirect project costs and in accordance with the method described in Section 3;
- (c) The proposal must show the costs and categories of costs covered by the lump sum, may contain only costs that would be eligible for an actual costs grant and must exclude costs that are ineligible under the H2020 rules;
- (d) The Commission/Agency will apply the method in Section 3 to fix the lump sum, based on the proposal and the evaluation result.
- (e) The H2020 25% flat rate for indirect costs and reimbursement rates are included in the calculation of the lump sum (see Section 3).

Payments do not depend on the costs actually incurred.

The lump sum will be paid by the Commission/Agency, if the corresponding work packages of the action have been properly implemented in accordance with Annex 1 of the grant agreement (and provided that all other obligations under the grant agreement have been complied with).

Lump sums whose conditions have been fully met during a reporting period are paid to the coordinator.

Lump sums whose conditions have not been fully met during a reporting period are not paid, but could be paid in the subsequent reporting period if the conditions are fully met.

Lump sums whose conditions are not met in any reporting period are not paid and the grant is reduced by an amount up to the value of the lump sums concerned following a contradictory procedure with the coordinator or beneficiary concerned.

2. Justification

Simplification as a central aim of the Horizon 2020 Framework Programme and of the Euratom Programme complementing Horizon 2020 needs to be reflected in its design, rules, financial management and implementation.

Lump sum funding, when compared to reimbursement of actual costs, provides considerable simplification potential. It removes all obligations on cost reporting and financial audits, thus removing a major part of the administrative burden on beneficiaries and enabling efficiency gains in the implementation of Horizon 2020. At the same time, lump sum funding strongly increases the focus on the scientific-technical performance and output of projects. This is desirable in Horizon 2020 in order to improve the quality of results and their exploitation.

Furthermore, lump sums are fully in line with the Commission's initiative Budget Focused on Results and the underlying principles of the proposal for the revision of the Financial Regulation.

2.1 Risks of irregularities and fraud and costs of control

The Commission/Agency will verify at the time of preparation of the grant, during the implementation of the action or afterwards (through technical checks, reviews or audits), compliance with the conditions for using lumps sums.

As a direct consequence of removing all obligations on cost reporting and financial ex-post audits, financial error rates will be minimised.

Pre-financing will follow the standard H2020 rules, and will be fixed in the grant agreement, 5% of the lump sum is retained as contribution to the Guarantee Fund.

There is no report of actual costs, and there are normally no financial checks, reviews, or audits. Beneficiaries have no obligation vis-à-vis the Commission/Agency to document costs incurred for the action but they remain subject to the accounting rules under the applicable national law.

Checks, reviews, and audits will focus on the technical implementation of the action, in particular on the fulfilment of the conditions for releasing lump sums, or on other aspects of the grant agreement such as ethics and research integrity, dissemination and exploitation of results, management of intellectual property, and gender equality.

If such controls reveal that the conditions for payment of the lump sum had not been met (e.g. a particular work package had not been completed), and that an undue payment was made to a beneficiary, the Commission/Agency is entitled to recover up to the amount of the grant.

3. Method to determine the amount of the lump sum

3.1 Grant proposal

- (a) The applicants must provide in their proposal a breakdown of the lump sum showing the share per work package (and, within each work package, the share assigned to each beneficiary and linked third party);
- (b) The proposal must describe the activities that are covered by each work package;

- (c) Proposals for lump sum grants must contain the resources and a detailed cost estimate per work package and per beneficiary and linked third party.
- (d) The applicants must fill in a detailed budget table which shows the costs of each beneficiary in the following categories:
- personnel costs, separately for each category of staff;
 - costs of providing financial support to third parties, when the possibility is provided for in the topic;
 - travel costs;
 - costs of equipment, infrastructure, and other assets (depreciation costs);
 - costs for consumables;
 - costs of other goods and services;
 - capitalised and operating costs of 'large research infrastructure', when the possibility is provided for in the topic;
 - costs of internally invoiced goods and services;
 - costs of subcontracting

It may include only costs that would be eligible for an actual costs grant and must exclude costs that are ineligible under the H2020 rules.

Beneficiaries must make a declaration that they have followed their own accounting practices for the preparation of the budget.

Indirect costs should be calculated by applying a flat rate of 25% to the direct cost categories that qualify for indirect costs under the H2020 rules.

3.2 Evaluation

- (a) Proposals will be evaluated according to the standard Horizon 2020 evaluation procedures with the help of outside experts. The experts will assess the quality of the proposals in terms of scientific and technological excellence, expected impact and quality and efficiency of the implementation. Experts with the necessary financial know-how will also check the budget estimate and look whether the resources proposed and the split of lump sum shares allows achieving the activities and expected outputs. Experts should check that proposals include the declaration by beneficiaries of having used their own accounting practices. For each work package, the budget estimate will be assessed for accuracy and appropriateness in view of the proposed resources. For this, the experts will consult statistical data on costs and resources from previously funded, comparable projects provided by the Commission/Agency.
- (b) Following proposal evaluation, the authorising officer may adapt estimated cost items that appear unjustified or not in line with the requirements in point 3.1 above (including in case of recommendations from the expert evaluators). If cost items are adapted, the lump sum and the lump sum breakdown are modified accordingly during grant preparation.

- (c) The final lump sum is included in the grant agreement as the maximum grant amount. It is calculated by applying the reimbursement rate set out in the H2020 rules to the total estimated eligible costs in the detailed budget table.

4. No-profit and co-financing principles and absence of double financing

The methodology described in Section 3 complies with the principles of no-profit, co-financing and absence of double funding as required by the Financial Regulation.

The usual conditions for ensuring that the no-profit, co-financing and absence of double funding principles are complied with, also apply to lump sums:

- The cost estimate in the grant proposal is detailed and subject to an in-depth check by the evaluation committee to ensure it represents an approximation of actual eligible costs as described in points 3.1 and 3.2.
- The reimbursement rates set out in Article 28 of the H2020 Rules for Participation are reflected in the calculation of the lump sum.
- Double funding is avoided by identifying the project costs that are covered by the lump sum.
- Proposals will be evaluated according to the standard Horizon 2020 evaluation procedures with the help of outside experts, and according to the principles presented in section 3.2.