

**DECISION authorising the use of reimbursement on the basis of lump sums for the FET
Innovation Launchpad actions under the Horizon 2020 Framework Programme for
Research and Innovation**

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

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(1) 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) , and in particular Article 28(6) thereof,

Having regard to Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union², and in particular Articles 125 and 181 thereof,

Whereas:

- (1) Simplification is a central aim of the Horizon 2020 Framework Programme that needs to be reflected in its design, rules, financial management and implementation,
- (2) 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 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,
- (3) The use of lump-sum financing, where appropriate, is encouraged for calls and topics under the 2020 budget for Horizon 2020 ('Lump-Sum Pilot'),

THE FOLLOWING HAS BEEN DECIDED:

Sole Article

The use of eligible costs declared by recipients of Union funds on the basis of lump sums is authorised for the FET Innovation Launchpad (Topic FETOPEN-03-2018-2019-2020 under Call H2020-FETOPEN-2018-2020 in Future and Emerging Technologies, Annex 2 to the Horizon 2020 Work Programme 2018-2020) under the Horizon 2020 Framework Programme for Research and Innovation, for the reasons and under the conditions set out in the Annex.

¹ OJ L 2013, 20.12.2013, p. 104-173.

² Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p.1).

Done at Brussels, 17 May 2019

(e-Signed)
Roberto Viola
Responsible Authorising Officer

EN
ANNEX

1. Form of grant and categories of costs covered

Grants for coordination and support actions to be awarded under the topic FETOPEN-03-2018-2019-2020 FET Innovation Launchpad of Horizon 2020 work programme 2018-2020 may use the reimbursement on the basis of a standard lump sum of EUR 100,000 pre-fixed by the Commission in the work programme.

The lump sums shall cover direct and indirect eligible costs of each beneficiary under the H2020 rules in the following categories:

- Direct personal costs
- Other direct costs
- Direct costs of subcontracting
- Direct costs of providing financial support to third parties
- Indirect costs

Lump sums shall exclude ineligible costs under the applicable Union rules. The amount of the lump sum for each grant is fixed at EUR 100,000 following the methodology set out in Section 3.

The applicants must provide in their proposal a breakdown of the lump sum showing the lump sum share per work package (and, within each work package, the share assigned to each beneficiary and linked third party). This estimated lump sum breakdown will become part of Annex 2 of the grant agreement.

The proposal must describe, for each work package, the activities that are covered by the lump sum share and the conditions that need to be met in order to consider the objective of those activities as achieved. This description will become part of Annex 1 of the grant agreement.

Payments do not depend on the costs actually incurred.

The lump sum shares will be paid by the Research Executive Agency (REA), 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).

2. Justification

Simplification, as a central aim of the Horizon 2020 Framework Programme, 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 technical performance and output of projects, thus improving the quality of results and their potential for exploitation.

Furthermore, lump sums are fully in line with the Commission's initiative EU Budget Focused on Results and with the Financial Regulation, in particular its Article 181.

2.1. Appropriateness of lump sum costs with regard to the nature of the actions to be supported under the topic FETOPEN-03-2018-2019-2020 FET Innovation Launchpad

The FET Innovation Launchpad topic funds short individual or collaborative coordination and support actions that are focused on the non-scientific aspects and the early stages of turning a result of an ongoing or recently finished project funded through Future and Emerging Technologies (FET) under FP7 or Horizon 2020 into a genuine innovation with socio-economic impacts. They include only activities with clear and verifiable outputs and results such as the definition of a commercialisation process, market and competitiveness analysis, technology assessment, verification of innovation potential, consolidation of intellectual property rights, or business case development.

The topic is appropriate for use of reimbursement on the basis of a standard lump sum pre-fixed by the Commission in the work programme for the following reasons.

1. Under 2 previous cut-offs, 35 actions have already received grants. Evidence shows that this topic can be appropriately addressed with an EU contribution of EUR 100,000 (see the methodology in Section 3).
2. The limited budget and short duration (18 months) of these actions make them a prime candidate for simplification, with a clear benefit of minimising administrative overheads and increasing the focus on results and exploitation.
3. These actions cover a limited range of fairly standard innovation and business development activities. Research activities are excluded. Therefore, at the stage of evaluation, the value for money of this type of projects can be adequately estimated based solely on the envisaged outputs of the activities.

2.2 The risks of irregularities and fraud and costs of control

The 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 reporting of actual costs. Beneficiaries have no obligation vis-à-vis the 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 achievement of results and the technical implementation of the action, in particular on the fulfilment of the essential conditions for triggering payment of lump sum shares, 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.

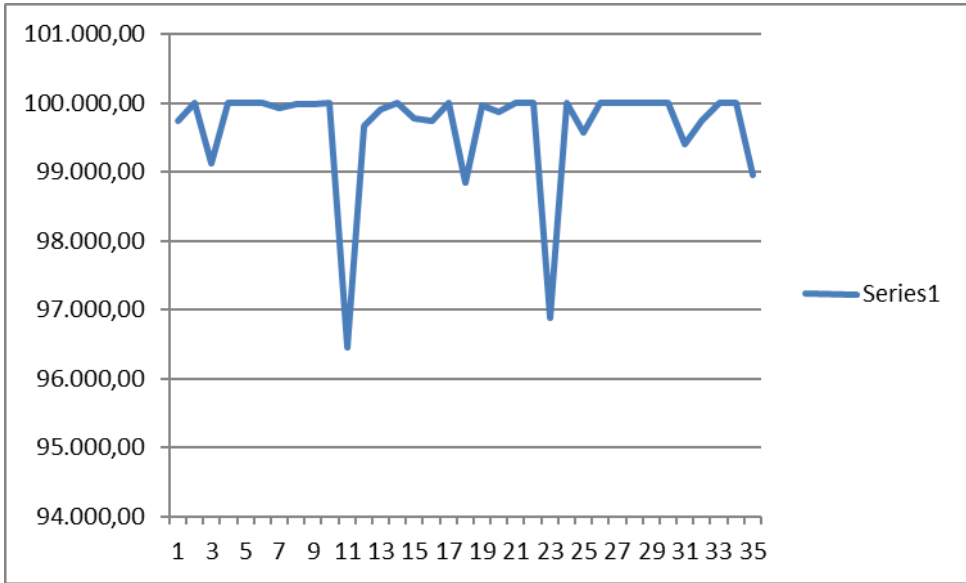
If such controls reveal that the conditions for payment of the lump sum shares had not been met (e.g. a particular work package had not been completed), and that an undue payment was made to a beneficiary, the Agency is entitled to recover up to the amount of the grant.

3. Method to determine the amount of the lump sum

According to Article 181.4(c) of Regulation (EC, Euratom) No 2018/1046, the method chosen to determine the lump sum may be based on ‘statistical data or similar objective means’.

Statistical analysis

EU grants FET ILP projects used in the analysis



Graph 1. EU funding claimed by the 35 FET Innovation Launchpad projects funded to date. The full data set is in the Table below.

EU grants FET ILP projects in € funded to date	
Apad	99.750,00
CASEK	100.000,00

CF-WEB	99.125,00
D-NOISE	100.000,00
ENTIMENT	100.000,00
DMS	100.000,00
I2C8	99.937,00
INTERLACE	99.978,75
PHYSENSE	99.991,25
Qdet	100.000,00
QUSMI	96.462,50
ROMA	99.675,00
SensAgain	99 912,50
SmartNurse	100.000,00
WASPSNEST	99.775,00
WhiteRabbit	99.750,00
CellFreeImplant	100.000,00
DeLight	98.848,75
E-SPECTR	99.970,00
FUTURA 2020	99.875,00
GFAB	100.000,00
Hermes SR	100.000,00
HYSCALA	96.875,00
LaBionicS	100.000,00
MagElastic	99.581,25
MEDISS	100.000,00
NanoMAGIC	100.000,00
NeuroMotive	100.000,00
OPTIMISM	100.000,00
QPARK	100.000,00
Qplay	99.405,00
Quake	99.750,00
SMARCOS	100.000,00
TALVIN	100.000,00
UVALITH	98.958,75
Average EU funding	99.638,48

In order to establish the amount of the fixed lump sum, 35 FET Innovation Launchpad projects were analysed. The average budget of the 35 FET Innovation Launchpad projects

approved for funding in the two call cut-offs has been of EUR 99,638.48. The maximum and most frequent amount claimed by the beneficiaries has been of EUR 100,000 and the minimum EUR 96,462.50.

All analysed projects have a mix of activities aimed at verifying the innovation potential of FET projects results such as: technology assessment, market and competitiveness analysis, consolidation of intellectual property rights, business case development, amongst others. The split of efforts of these projects are quite similar for the projects already funded under the topic.

The call text for the cut-off under the lump sum pilot is identical to the one used for the previous cut-offs. We therefore expect the nature of the proposals to be very similar.

Amount of the lump sum

Based on this analysis it is considered that the topic FETOPEN-03-2018-2019-2020 can be adequately implemented using a lump sum of EUR 100,000 per grant, fixed in the work programme.

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 sum costs:

- The lump sum is based on statistical data;
- The risk of profit is limited because the lump sum is fixed at the typical funding level of previous similar projects, and because there is traditionally high over-subscription in similar calls for proposals. Applicants will therefore face high competition, which is a factor discouraging proposals with a lower value for money;
- The co-financing principle is complied with because it is likely that the lump sum will not cover all the costs of the action. In the historical examples used to calculate the amount of EUR 100 000, the actual amount of indirect costs has often exceeded the flat rate of 25% applied in the grant. However, these were considered ineligible and not reimbursed and therefore the lump sum amount is likely to be lower than the total costs of the action. Moreover, the Innovation Launchpad invites research stakeholders (the typical beneficiaries of FET projects) to take first steps towards innovation and market activities, which often entails trial and error and thus significant ‘learning’ overheads.
- Double funding is avoided in two ways. Firstly, the proposals for this topic must build on results of a research and innovation action already financed through FET, which gives them a very narrow focus on known results that are part of documented

project monitoring under FP7 or H2020. The call text explicitly states that activities already foreseen in that previous or still ongoing project are not covered. Secondly, the list of proposals selected for funding is submitted in an inter-service consultation to identify potential overlapping actions funded by other EU funding sources.

- Proposals will be evaluated according to the standard Horizon 2020 evaluation procedures with the help of outside experts. These experts will assess the quality of the proposals in terms of excellence, expected impact and quality and efficiency of the implementation. The experts will also check the budget estimate and look whether the value of the activities and expected outputs corresponds to the estimated budget and if the resources proposed and the split of lump sum shares allows achieving these activities and expected outputs.