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Brussels, 27.10.2017
C(2017) 7149 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, Topic DT-NMBP-20-2018: A digital ‘plug and produce’ online equipment platform for manufacturing

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, Topic DT-NMBP-20-2018: A digital ‘plug and produce’ online equipment platform for manufacturing

THE EUROPEAN COMMISSION,

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 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 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 Union³, 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 Union⁴ contains detailed rules regarding lump sums,
- (2) Simplification as a central aim of the Horizon 2020 Framework Programme 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 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,

¹ OJ L 2013, 20.12.2013, p. 104-173.

² OJ L 2013, 20.12.2013, p. 81-103

³ OJ L 2012, 26.10.2012, p. 1-96

⁴ 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).

HAS DECIDED AS FOLLOWS:

Article 1

The use of grants reimbursing eligible costs on the basis of a lump sum is authorised for Topic DT-NMBP-20-2018: A digital ‘plug and produce’ online equipment platform for manufacturing under the Horizon 2020 Framework Programme for Research and Innovation (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

EN
ANNEX

1. Form of grant and categories of costs covered

Grants to be awarded under the topic DTY-NMBP-20-2018: A digital ‘plug and produce’ online equipment platform for manufacturing” of Horizon 2020 work programme 2018-2020 shall exclusively take the form of a standard lump sum pre-fixed by the Commission.

This lump sum will cover the beneficiaries’ direct and indirect eligible costs for the project (i.e. design and development of an ICT platform and experimentation of the platform by companies in the manufacturing sector).

These costs must be shown in the proposals, via a description of resources, a detailed cost estimate per work package and per beneficiary and linked third party and a detailed budget table.

This detailed budget should show the costs of each beneficiary 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

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.

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.

The applicants must also 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). This estimated lump sum breakdown will become part of the grant agreement (Annex 2).

The proposal must describe, for each work package, the activities that are covered by the lump sum share.

The amount of the lump sum for each grant is fixed at 7.5 million euro, following the methodology set out in Section 3.

Payments do not depend on the costs actually incurred.

The lump sum will be paid by the Commission, 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 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. Appropriateness of lump sum costs with regard to the nature of the actions to be supported under the topic DT-NMBP-20-2018: A digital 'plug and produce' online equipment platform for manufacturing

The actions are part of a pilot exercise for a pre-defined fixed lump-sum and have been chosen because of the substantial industrial participation, including SMEs for which a lump-sum scheme would imply significant administrative simplification. The cost of the type of projects, digital online platforms, can be well estimated based on the envisaged output of the projects and therefore they are appropriate for this pilot.

2.2 The risks of irregularities and fraud and costs of control

The Commission 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, 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 is entitled to recover up to the amount of the grant.

3. Method to determine the amount of the lump sum

The projects to be funded under the topic in question aim to create a digital market place for manufacturing equipment and related services. The users of the online platform are both suppliers and customers of manufacturing equipment in various sectors (the majority of them SMEs) and they should be able to easily connect to it. The main activities of the projects involve the design and development of an ICT platform and its validation by users and suppliers.

In order to establish the amount of the fixed lump sum, 14 EU-funded projects with comparable objectives and structure were identified and analysed.

These projects had comparable objectives (addressing the creation of ICT platforms and networks in the manufacturing domain with the involvement of users and/or suppliers). They were also comparable in terms of their activities, EU funding and total costs.

For the statistical analysis, the activities were grouped in four activity domains according to a typical ICT platform design, development and operation pattern, namely:

- A. BUSINESS ANALYSIS (market analysis, technical requirements and applicable standards);
- B. TECHNICAL DEVELOPMENT (software creation and testing);
- C. OPERATION (experimentation including the involvement of end-users); and
- D. HORIZONTAL ACTIVITIES (project management and administration, dissemination and training).

The analysis focused on the activities and resources the projects allocated to each of the domains.

The projects belonged to the following calls for proposals:

1. FP7: FoF-ICT-2013.7.1 - Application experiments for robotics and simulation

2. FP7: FoF-ICT-2013.7.2 - Equipment assessment for sensor and laser based applications
3. H2020: FoF-09-2015 - ICT Innovation for Manufacturing SMEs (I4MS)
4. H2020: FoF-12-2017 - ICT Innovation for Manufacturing SMEs (I4MS).

3.1 Statistical analysis

Table 1 summarises the project costs and EU funding for the 14 projects (and shows averages of project costs, EU funding and resources in person-months for the following groups of projects):

- all 14 projects together;
- all projects excluding the projects selected under the 1st call, who are least representative in terms of project costs and efforts; and
- 3 projects selected under the most recent, 4th call. These projects resemble best the envisaged projects under the topic.

Call	Project	Acronym	Total	EU Funding	Person-Months
1: FP7: FoF-ICT-2013.7.1 Application experiments for robotics and simulation	608849	EuRoC	22,726,345.00	16,500,000.00	
	608886	CloudSME	5,362,934.00	4,496,630.00	
	609100	CloudFlow	8,839,150.00	6,623,000.00	
	609029	FORTISSIMO	22,003,118.00	16,000,000.00	
2: FP7: FoF-ICT-2013.7.2 Equipment assessment for sensor and laser based applications	609046	LASHARE	15,154,157.00	11,200,000.00	
	609306	INTEFIX	10,253,513.00	7,500,000.00	
	609355	APPOLO	14,555,771.00	11,000,000.00	
3: H2020: FoF-09-2015 ICT Innovation for Manufacturing SMEs (I4MS)	680431	ReconCell	6,306,457.00	5,561,569.00	
	680481	FORTISSIMO 2	11,421,307.00	10,000,000.00	
	680633	BEinCPPS	9,517,642.00	8,000,000.00	
	680734	HORSE	8,865,871.25	7,945,601.00	
4: H2020: FOF-12-2017 ICT Innovation for Manufacturing SMEs (I4MS)	767498	MIDIH	8,524,832.50	8,000,000.00	
	767642	LAMS	8,764,549.64	8,000,000.00	
	768892	ClaudiFacturing	9,465,573.00	8,698,548.77	
Average all projects			11,554,372.89	9,251,810.63	1,064
Average all projects except call 1			10,282,967.34	8,590,571.88	878
Average projects under call 4			8,918,318.38	8,232,849.59	712
Lump-sum proposed action			10,000,000.00	7,500,000.00	800

Table 1. Total costs, EU-funding, and person months in 14 signed grants that are representative of the grants to be awarded under the topic “Digital Plug & produce online equipment platform manufacturing”

The amount of the pre-fixed lump sum is based on the above averages.

The EU funding of the envisaged projects is estimated at 7.5 million euro which is slightly lower than the average EU funding of the analysed projects, resulting in a ratio between project budget and EU funding of 4:3. The calculation of this ratio is based on:

- (a) the equivalence with the standard Horizon 2020 cost-based funding rules for innovation actions (IA), namely maximum 100% funding for non-profit beneficiaries and maximum 70% funding for profit-making beneficiaries and
- (b) the expectation that a large majority of the beneficiaries, including the end-user participants, will be profit-making organisations.

This is because of the industry-oriented nature of the topic, and the fact that roughly one third of the activities are earmarked for activities to be carried out by industrial end-users.

Table 2 shows the split of efforts across the 4 activity groups. This allows to compare the activities of the analysed projects to the envisaged projects under the topic. All analysed project have activities in all four groups, but the projects selected under the earlier calls have less focus on ICT platform design and development and more focus on the actual operation and experiments. The projects under the 4th call include both the design and development of ICT platforms and the operation of the platform, including substantial involvement of end-users. The split of efforts of these projects is expected to be quite similar for the projects under the topic.

Activity Group	Average effort repartition in %			Estimated effort repartition %
	All calls	calls 2,3 and 4	call 4 only	Lump sum pilot call
A. BUSINESS ANALYSIS	13	16	21	about 20
B. TECHNICAL DEVELOPMENT	23	23	25	about 25
C. OPERATION	47	42	35	about 35
D. HORIZONTAL ACTIVITIES	18	20	19	about 20

Table 2. Distribution of staff efforts across four activity domains in the 14 representative grants analysed.

The analysed projects are a representative sample for the analysis. Despite the variation of resources allocated to activity domains (which depend on the scope of each project), the analysis shows a convergence towards a more homogeneous distribution of activity domains, EU funding and total project costs in projects funded under the later calls.

3.3 Amount of the lump sum

Based on this analysis, it is expected that projects with an estimated budget in the order of 10 million euro should be able to achieve the objectives of the topic.

Since it is expected that a large majority of the beneficiaries will be profit-making organisations (industry-oriented nature of the pilot), that roughly one third of the activities are earmarked for activities to be carried out by industrial end-users, and considering that reimbursement rates for H2020 innovation actions are 70% for profit organisations and 100%

for non-profit organisations, a fixed lump-sum of 7.5 million euro (corresponding to an average 75% reimbursement of costs) should be able to mobilise resources of ca. 10 million euro, which is comparable to similar projects funded under Horizon 2020.

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 was fixed at lower level than average funding to 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;
- The co-financing principle is complied with, since the lump sum was fixed by taking into account the reimbursement rates (70% and 100%; provided for in Article 28 of the H2020 Rules for Participation), and the extent to which both types of beneficiaries (for-profit and not-for-profit beneficiaries) are expected to participate;
- Double funding is avoided by identifying the project costs that are covered by the lump sum (detailed budget is part of the proposal);
- 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 scientific and technological 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.



Brussels, 27.10.2017
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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.