



HORIZON EUROPE

THE EU RESEARCH & INNOVATION PROGRAMME

2021 – 2027

Training for NCPs: Special webinar
on Horizon Europe

Horizon Europe Model Grant Agreement

Legal & Financial aspects

DISCLAIMER: INFORMATION NOT LEGALLY BINDING

Research and
Innovation

10 December 2021

Walkthrough on (some key) legal and financial aspects

(corporate)
structure of the
Horizon Europe
MGAs

Participants in
the project

Personnel costs
&
(corporate)
Daily Rate

Project-based
remuneration

Certificate on
financial
statements

Disclaimer: Information not legally binding

There will be three main 'corporate' Model Grant Agreements (MGAs), on which Horizon Europe MGAs will be built:

1. A **'corporate general MGA'**, for grants which take the form of a budget-based mixed actual cost grant (i.e. a grant based on actual costs incurred, but which may also include other simplified forms of funding, such as unit costs or contributions, flat-rate costs or contributions, lump sum costs or contributions)
2. A **'corporate unit-based MGA'**, for grants which take the form of one or several possible types of unit contributions for covering the action implementation
3. A **'corporate lump sum-based MGA'**, for grants which take the form of one single lump sum contribution, broken down per work package and per beneficiary, for covering the action implementation

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)

Annexes

Annex 1 Description of the action

Annex 2 Estimated budget

Annex 3 Accession forms for beneficiaries

Annex 4 Model for the financial statement

Annex 5 - Specific rules (for Horizon Europe)

Annex 2a – Additional information on unit costs and contributions

Annex 3a – Declaration on joint and several liability of Affiliated Entities

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

Annex 2 – General Horizon Europe 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



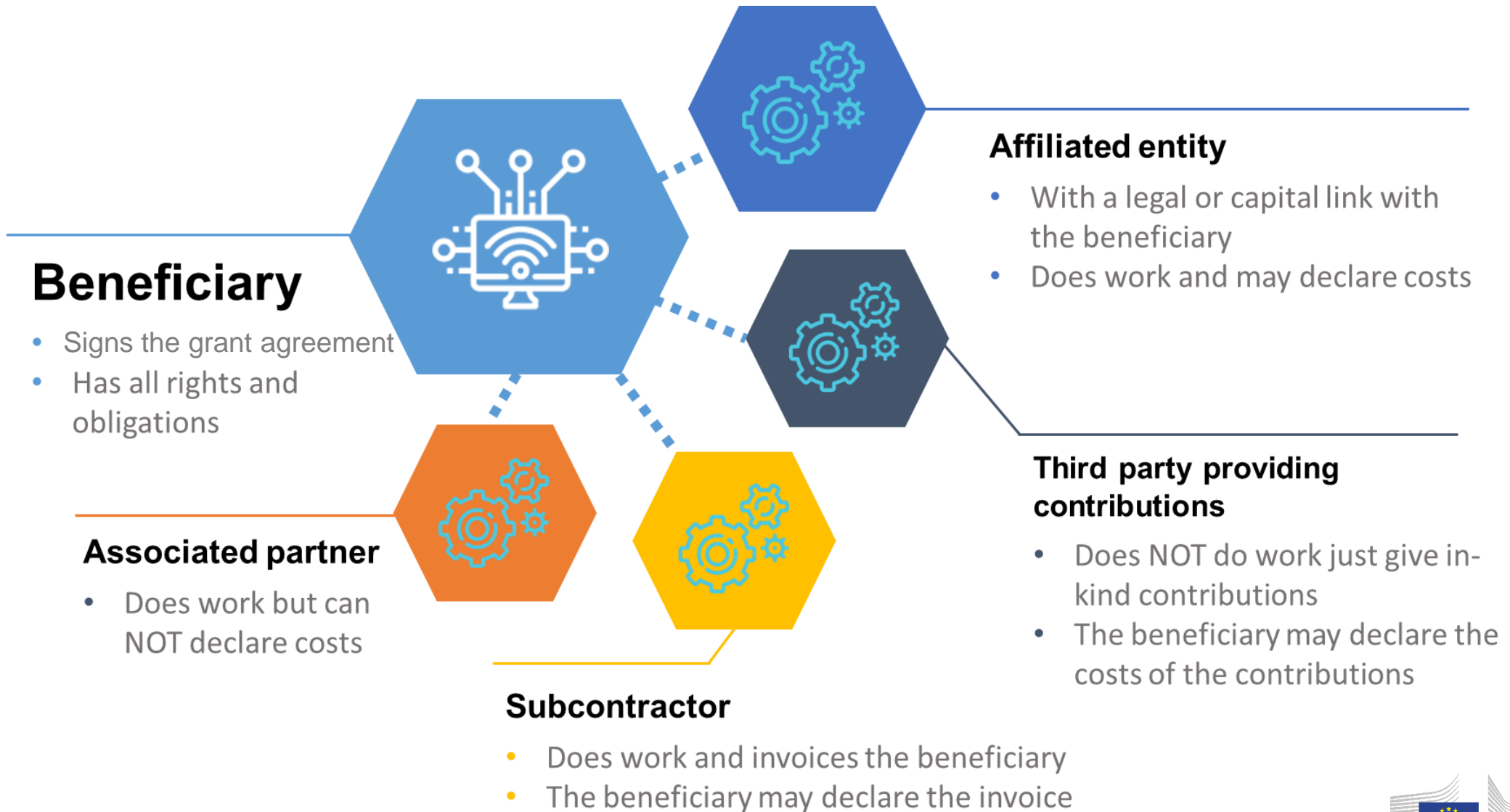
D. OTHER COST CATEGORIES

- **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

Disclaimer: Information not legally binding



Third parties carrying out work in the action

Participants in the project



Beneficiary

Affiliated entities

Associated Partners

Subcontractors



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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)

- Must be identified in GA in Article 8, their tasks must be mentioned in Annex 1 and their budget in Annex 2
- Same cost eligibility criteria than for beneficiaries

 They are therefore *de facto* treated like beneficiaries (*have their own financial statement, must provide their own CFS, must contribute to the technical report, must submit deliverables, etc*).

- Granting authority may request them to accept joint and several liability for their EU contribution

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** to the whole consortium or to a particular beneficiary
 - ✓ The beneficiaries must ensure that relevant MGA obligations are also extended to AP (e.g. through the consortium agreement):

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)

Subcontracting

Participants in
the project

- Ensure best value for money (or lowest price) and avoid conflict of interests
- Subcontracting between beneficiaries is not allowed. Subcontracting to affiliates is generally not allowed either
- Estimated costs and tasks must be identified in the budget and in Annex 1
- Simplified approval procedure allowed (i.e. beneficiary flags the subcontracting at reporting stage) However, beneficiary bears the risk of rejection

E.g.: Testing described in Annex 1 as action task

-  The beneficiaries are responsible for the proper implementation of the subcontracted action tasks by the subcontractors (*proper quality, timely delivery, etc*).

Other third parties



Beneficiary

Purchase costs

In-kind contributions
(free of charge)

- May cover:
 - Travel, accommodation and subsistence (Article 6.2.C.1)
 - Equipment (Article 6.2.C.2)
 - Other goods, works or services, if necessary to implement the action (Article 6.2.C.3).

E.g.: CFS, consumables and supplies, promotion, dissemination, protection of results, translations, publications, etc
- must be declared as actual costs
- Ensure best value for money (or lowest price) and avoid any conflict of interests



In-kind contributions – both still eligible under HE

Participants in
the project



FORMER H2020 CONCEPT 'IN-KIND CONTRIBUTIONS AGAINST PAYMENT'

- **No more special Article** (corporate approach)
- But **they can still be declared** as:
 - **Seconded persons** under **Personnel costs provisions**
 - **Or as renting costs for equipment** (if the in-kind contribution relates to an equipment provided by a third party against payment)
 - **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)

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What are the categories of personnel?

(Art 6.2.A Horizon Europe MGA)

Personnel costs
&
(corporate)
Daily Rate

A.1 EMPLOYEES (OR EQUIVALENT)

- ❖ For your personnel working under an **employment contract** (or **equivalent appointing act**, e.g. for civil servants) and assigned to the action.

Three cases:

- ✓ Employees with a fixed salary
- ✓ Employees whose remuneration increases when working in projects (**‘project-based remuneration’**)
- ✓ Employees of a beneficiary whose usual cost accounting practice is to calculate average personnel costs (**‘average personnel costs’**)

A.2 PERSONS UNDER DIRECT CONTRACT & A.3 SECONDED PERSONS AGAINST PAYMENT

- ❖ A.2 Costs for natural persons working under a **direct contract other than an employment contract** (e.g. in-house consultants)
- ❖ A.3 costs for seconded persons **by a third party against payment.**

A.4 SME OWNERS AND NATURAL PERSON BENEFICIARIES

- ❖ Costs for SME owners (i.e. owners of beneficiaries that are small and medium-sized enterprises **not receiving a salary**) or
- ❖ Costs for **natural person beneficiaries** (i.e. beneficiaries that are **natural persons** not receiving a salary)

How to calculate your personnel costs?

Category A.1

Case 1: Employees with a fixed salary

Corporate daily rate formula

(Article 6.2.A.1 of the HE MGA)

$$\frac{\text{Personnel costs}}{\text{Daily rate}}$$

*{daily rate for the person }
multiplied by
{ number of day-equivalents worked on the action (rounded up or down to the nearest half-day)}*

*{annual personnel costs for the person}
divided
215*

How to apply these formulas for reporting periods lasting more or less than a calendar year?

→ Single approach over any period of months (total recorded cost + pro-rata of 215)

How to reduce number of mandatory calculations?

→ Single calculation for reporting period

How to reduce specific calculation needs (first/last year, part-time, new hires)?

→ Single formula covering all (horizontal) cases

How to avoid over-declaration of personnel cost?

→ Maximum declarable days: pro-rata of 215 (e.g. 107,5 for 6 month, 322,5 for 18 month), same as denominator for daily rate (see single approach)

How to calculate your personnel costs for a given reporting period ?

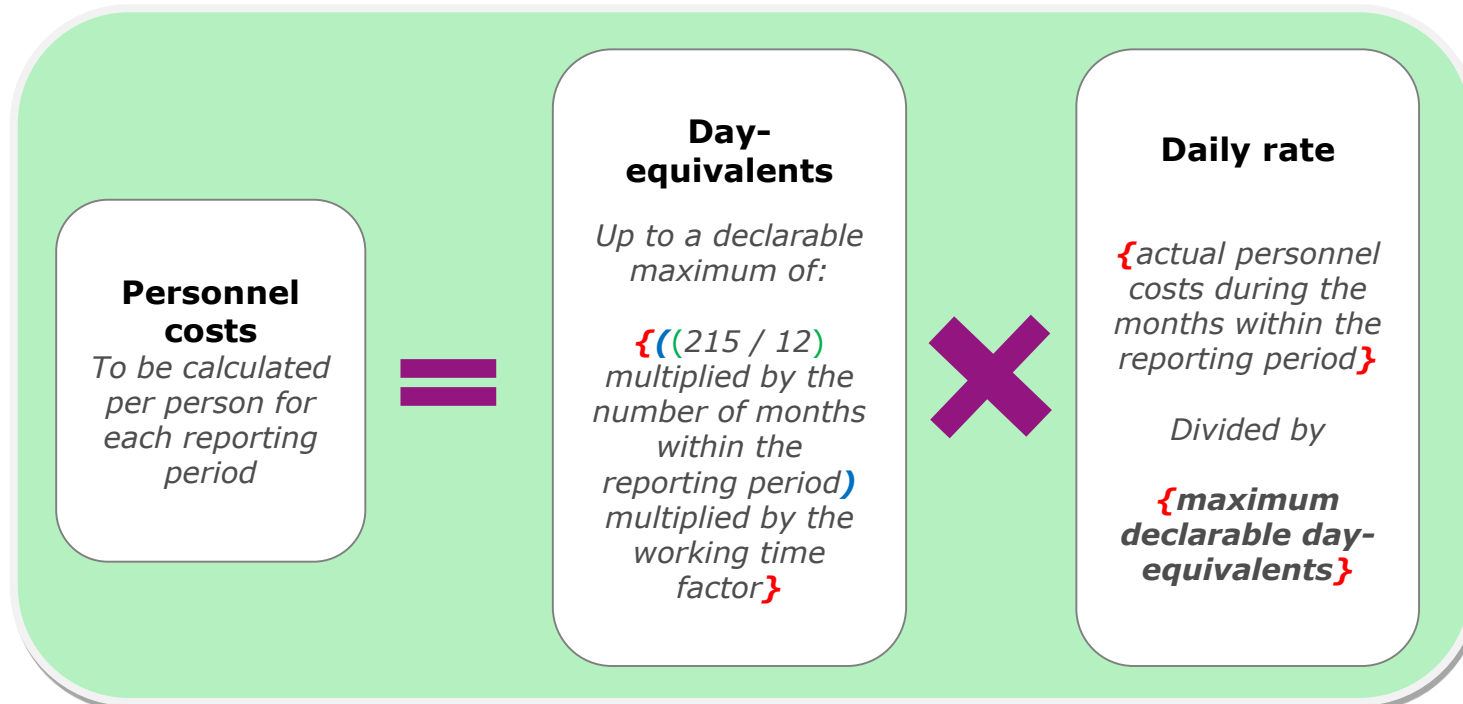
Personnel costs
&
(corporate)
Daily Rate

Category A.1

Case 1: Employees with a fixed salary

Corporate daily rate formula

Annotated Model Grant Agreement (AGA)



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European
Commission

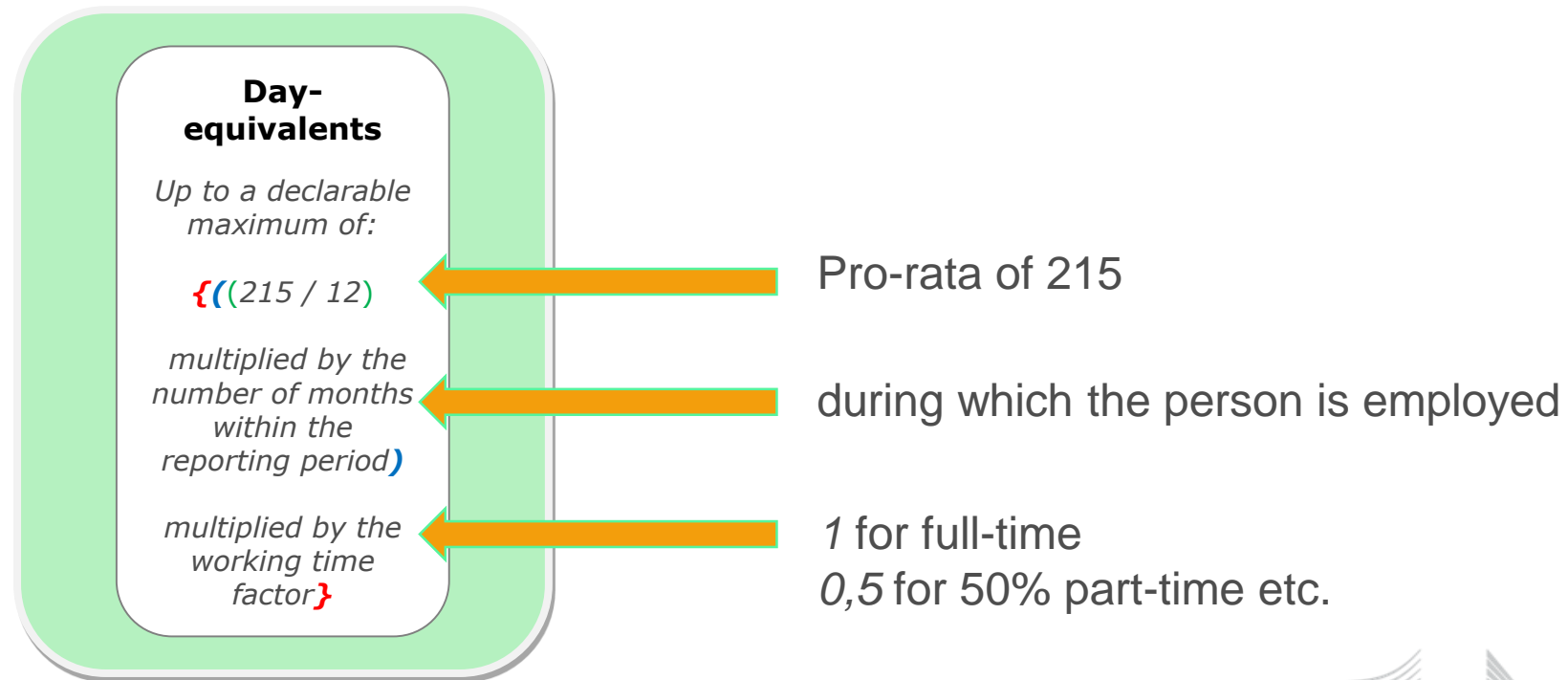
How to calculate your personnel costs for a given reporting period?

Category A.1

Case 1: Employees with a fixed salary

Corporate daily rate formula

Annotated Model Grant Agreement (AGA)



How to calculate your personnel costs for a given reporting period?

Example:

In the reporting period from 01/01/2022 to 31/03/2023, you work full-time in 2022 and 50% part-time in 2023.

You calculate the maximum declarable day-equivalents separately for 2022 and 2023 (because conditions have changed).

12 months of full-time work: $((215 / 12) \times 12) \times 1.0 = 215$

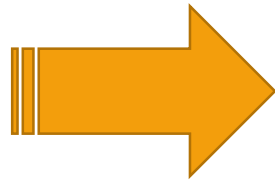
3 months of part-time work: $((215 / 12) \times 3) \times 0.5 = 27$

Total: The maximum declarable day-equivalents for the reporting period are therefore: $215 + 27 = 242$

Days-equivalent worked – record keeping

Personnel costs
&
(corporate)
Daily Rate

Day-equivalents
worked



- sign **a monthly declaration** (*Commission template available*)
- **Or**
- use reliable **time records** (*i.e. time-sheets*) either on paper or in a computer-based time recording system.

Project-based remuneration at a glance

Project-based remuneration



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*



HIGHER THRESHOLD

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



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** (instead of EUR 430 000)

Looking for more information?

Programming period

2021-2027



Horizon Europe (HORIZON)



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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.



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Thank you!

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