ANNEX

to the

Commission decision

authorising the reimbursement on the basis of unit costs for the personnel costs of SME owners and beneficiaries that are natural persons not receiving a salary under the Research Programme of the Research Fund for Coal and Steel
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1. Forms of grants and categories of costs covered

In accordance with Article 124(5) of Regulation (EC, Euratom) No 966/2012¹, ‘SME owners and other natural persons who do not receive a salary may declare eligible personnel costs for the work carried out under the action on the basis of a unit cost’.

Consequently, the grants under the Research Programme of the Research Fund for Coal and Steel (RFCS) shall take the form of reimbursement on the basis of a unit cost declared by beneficiaries for either of the following categories of eligible costs:

(a) the eligible direct personnel costs of their owners, if the beneficiaries are small and medium-sized enterprises and their owners do not receive a salary;

(b) their eligible direct personnel costs, if the beneficiaries are natural persons and they do not receive a salary.

Other eligible personnel costs for SMEs and other categories of eligible costs shall be reimbursed on the basis of actual costs or flat-rate financing (indirect costs).

The unit cost to be declared by the beneficiaries shall be calculated in accordance with the provisions of Section 3.

Personnel costs of SME owners and personnel costs of beneficiaries that are natural persons not receiving a salary shall be eligible if they correspond to the amount per unit set out in the estimated budget of the action (Annex 2 to the grant agreement) multiplied by the number of hours actually worked on the action.

2. Justification

2.1. Nature of the supported actions

The RFCS supports research projects in coal and steel sectors. These projects cover: production processes; application, utilisation and conversion of resources; safety at work; environmental protection and reducing CO2 emissions from coal use and steel production. These research projects are similar to the research projects funded under the EU Research Programmes (Seventh Framework Programme (FP7)², Horizon 2020³)

Based on the simplification plan released by the European Commission in April 2010, the Commission is committed to put into place measures to make the Union Research Programmes (including the RFCS) more attractive and more accessible to the best researchers and to the most innovative companies, especially SMEs.

Where SMEs and natural persons participate as beneficiaries in RFCS research projects and perform tasks in accordance with the grant agreement, they – or for SMEs – their owners should receive support for the work carried out, even if the value of the work is not registered as a cost in their accounts.

The funding on the basis of a unit cost is justified due to the difficulty to support SME owners and other natural persons who do not receive a salary for their personal involvement in the implementation of the actions. That difficulty is due to the fact that, in the absence of a salary, there is no actual cost recorded in the accounts of the beneficiary related to the work of these persons.

Already in the FP7 the Commission put forward simplification measures concerning, in particular, the use of scale-of-unit costs to determine the value of the work carried out by SME owners and other natural persons not receiving a salary\(^4\).

Those measures were confirmed in the Rules for Participation and dissemination of Horizon 2020 which provide for the possibility of using a unit cost for the financing of the work of SME owners and other natural persons who do not receive a salary\(^5\).

Considering that a vast majority of RFCS beneficiaries are also Horizon 2020 beneficiaries and that the nature of the actions supported is similar, the RFCS should use a unit cost for the financing of the work of SME owners and other natural persons who do not receive a salary\(^6\).

Using unit costs considerably simplifies, streamlines and reduces the time needed for the financial management of projects, both at Commission as well as beneficiary level. This approach provides simplification through:

– less complex funding rules contributing to easier understanding of actions;
– greater predictability for beneficiaries making their participation in the actions more attractive;
– less administrative burden when checking at the payment stage, reducing costs for the contracting authority and facilitating productivity gains;
– simplified reporting requirements (no certification of financial statement to be provided by beneficiaries for those costs);
– easier \textit{ex-post} analysis and further reductions of the risk of error.


\(^4\) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions of 29 April 2010 entitled "Simplifying the implementation of the research framework programmes"; COM(2010) 187 final.


By authorising the use of those unit costs, the Commission aims at making the RFCS more attractive and more accessible to innovative SMEs in the Union.

2.2. Risks of irregularities and fraud and costs of control

The use of a unit cost to calculate the direct personnel costs for SME owners and other natural persons who do not receive a salary will reduce the risk of irregularities, overstatements and fraud since those costs will be calculated in accordance with an established formula based on the Marie Skłodowska-Curie rates which has been proved very resistant to irregularities and fraud.

The Commission will verify compliance with the conditions to charge the unit cost, as well as the correct application of the formula through checks, reviews or audits at the time of the preparation of the grant, during the implementation of the action or afterwards.

3. Method to determine and update the amounts

Under FP7 the use of Marie Curie unit costs (living allowances) has proved appropriate to achieve the policy objective of ensuring proper participation of SMEs in Union and Euratom research and innovation programmes and to guarantee the principle of equal treatment of beneficiaries.

This system was further simplified for Horizon 2020 with the use of the unit cost for a reference category of researcher (i.e. experienced researchers under the Individual Fellowship (IF) actions), as calculated according to and specified in Commission Decision C(2013)8194.

That decision also provides for the application of a country-specific correction coefficient.

The eligible direct personnel costs declared by beneficiaries that are SMEs for their owners not receiving a salary and by beneficiaries that are natural persons not receiving a salary shall be based on a unit cost per hour worked on the action to be calculated as follows:

\[
\text{Monthly living allowance for experienced researchers under the Individual Fellowship actions calculated according to Decision C(2013)8194 (including the country-specific correction coefficient) / 143 hours}
\]

The value of the work of the SME owners and other natural persons not receiving a salary shall be determined by multiplying the unit cost by the number of hours actually worked on the action.

The standard number of annual productive hours per SME owner or another natural person is equal to 1 720 hours. The total number of hours declared, in a year, in all Union and Euratom grants (including grants from the Research Programme for the RFCS) for one SME owner or another natural person not receiving a salary may not be higher than the standard number of annual productive hours (1 720 hours).

The unit cost for SME owners and other natural persons not receiving a salary shall be updated in accordance with the method specified in Commission Decision C(2013)8194.

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 Regulation (EU,Euratom) No 966/2012.

Commission Decision C(2013) 8194 of 27 November 2013 authorising the use of reimbursement on the basis of unit costs for Marie Skłodowska-Curie actions under the Horizon 2020 Framework Programme.
The possibilities of verification of compliance with those principles for the funding on the basis of unit costs of the work carried out by SME owners and other natural persons not receiving a salary are limited, since the value of their work are not personnel costs borne by the beneficiaries.

The possibility to declare eligible personnel costs on the basis of a unit cost is provided for in Article 124(5) of Regulation (EU, Euratom) No 966/2012. However, the following conditions for ensuring that the no-profit, co-financing and absence of double funding principles are complied with shall apply to the unit costs to be declared for the work of SME owners and other natural persons not receiving a salary:

– the number of units (researchers hours worked in the project) are identifiable and verifiable, and should be in particular supported by records and documentation;
– the unit cost covers only part of the eligible costs;
– the reimbursement rates mentioned in Article 30 of Decision 2008/376/EC apply to the unit costs;
– double funding is avoided by the specification or identification of the eligible costs.