

# HORIZON 2020

## “Lump sum pilots: What do I have to know?”

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## Part I: The Lump sum pilot

- **Why?**
- **How? – 2 Options**
- **Principles**

## Part II: The Lump sum pilot Model Grant Agreement

## Part III: Conclusions

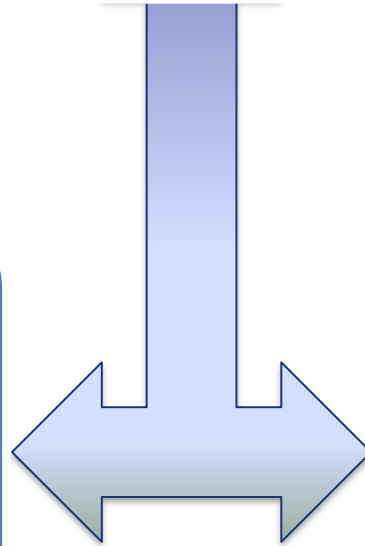
# I. Lump sum: Why?

- **Significant simplification potential:**
  - Despite all simplification, funding based on reimbursement of incurred costs stays complex and error-prone
  - Lump sum project funding removes all obligations on actual cost reporting and financial ex-post audits – i.e. a major reduction of administrative burden
- **Focus on performance:**
  - Shift from focus on financial management and checking costs to focus on scientific-technical content of the projects

# I. Lump sum pilot: Two options

Amount of the lump sum

Fixed in the  
Call



Per project  
based on the  
budget

# I. Lump sum: Two options

## ➤ **Option 1**

- Fixed lump sum per project defined in call for proposals
- Proposals describe the efforts and resources applicants commit to mobilise for this amount.
- Applicants must provide proposed split of the lump sum per work package and per beneficiary.
- The evaluation – and competition between proposals – ensure that adequate resources are committed

## ➤ **Option 2**

- Proposals provide a detailed estimation of costs
- Experts assess cost details during evaluation and make recommendations (panel will include expert/s with financial expertise).
- Based on this, the lump sum is fixed during grant preparation

# I. Lump sum: Two options

## How is the lump sum fixed in both options?

### ➤ **For Option 1:**

- A specific methodology has been developed to fix the amount defined in your call for proposals
- You will find the link from your topic description section Funding and Tenders Portal

### ➤ **For Option 2:**

- A methodology has been developed explaining the method to determine the amount of the lump sum of your proposal
- You will find the link from your topic description at the Funding and Tenders Portal
- Following the evaluation, the lump sum is fixed during grant preparation

# I. Lump sum: Principles

- **Lump sum evaluation and grant agreement follow standard** approach as much as possible:
  - Same evaluation criteria
  - Same pre-financing and payment scheme
  - Reporting periods and technical reporting as today, though focusing on completion of work packages
- **One lump sum share is fixed in the grant agreement for each work package**
  - This amount is paid when the activities in the work package are completed. As today, payment does not depend on a successful outcome, but on the completion of activities

## II . Lump sum MGA



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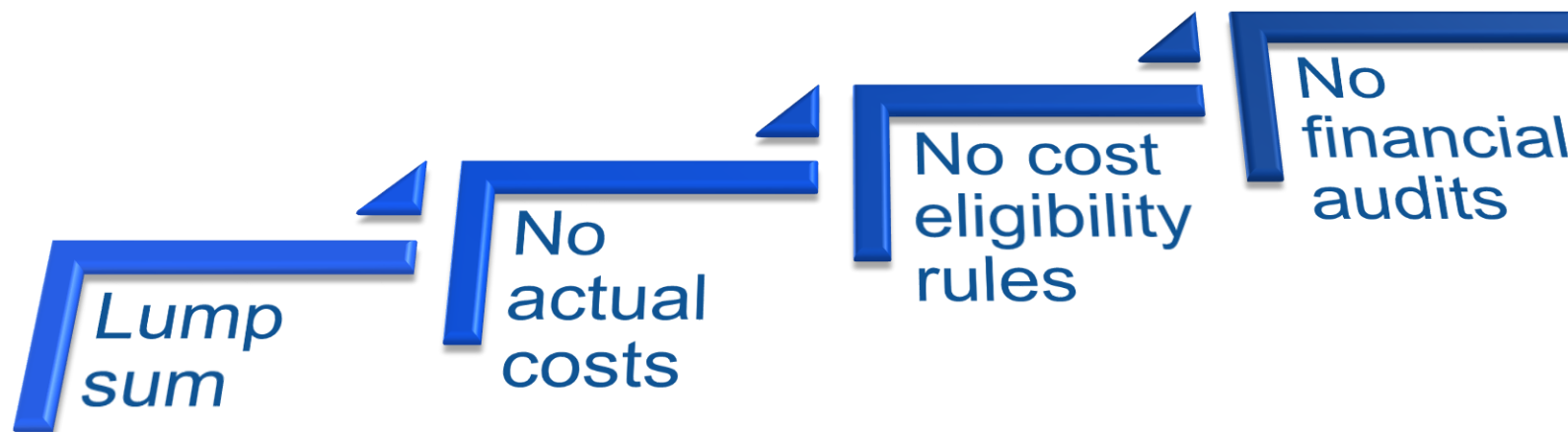
# Model Grant Agreement **LUMP SUM PILOT**



## II. Lump sum grant: introduction

The grant agreement will set out the lump sum (EU funding) corresponding to the full accomplishment of the work committed in Annex 1.

The lump sum for the grant is set out at its signature, the costs actually incurred are not relevant.



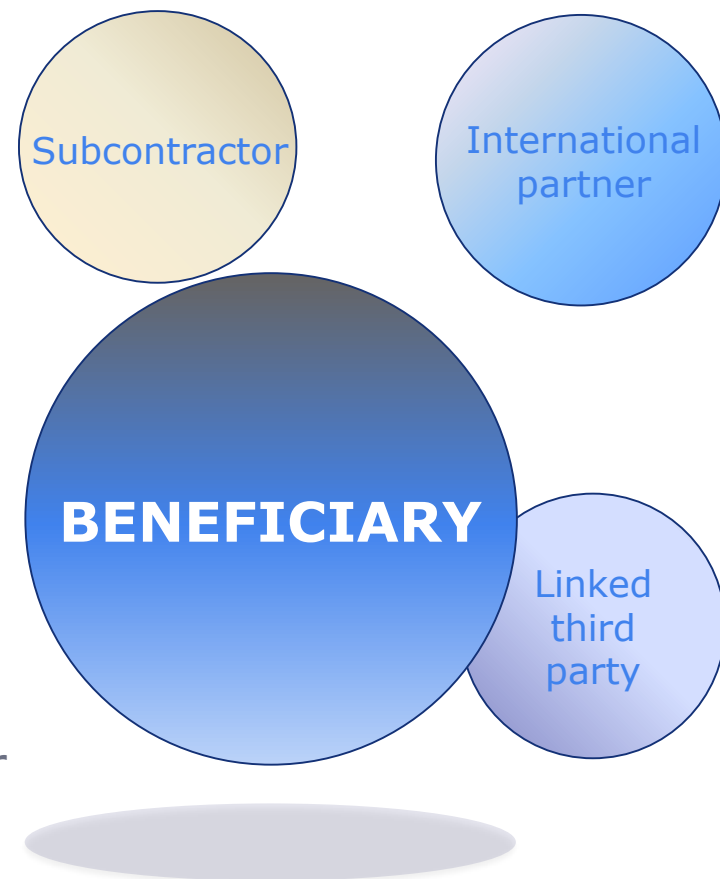
## II. Lump sum grant: introduction (ii)

Costs actually incurred are not relevant.

### Who does the work still is !

As in the General MGA:

- Linked third parties and international partners must be named in the grant agreement
- Annex 1 must detail the tasks to be:
  - ✓ Attributed to each linked third party
  - ✓ Attributed to each international partner
  - ✓ Subcontracted



# II. Lump sum grant: budget allocation

## Annex 2

Lump sum = Maximum grant amount

Max. liability of the beneficiary after payment of balance

	WP1	WP2	WP3	WP4	WP5	WP6	WP7	WP8	Total
Beneficiary A	250.000			50.000	300.000	250.000		300.000	1.150.000
Beneficiary B		250.000	350.000	50.000			100.000	150.000	900.000
Beneficiary C	100.000	100.000		50.000		280.000			530.000
Beneficiary D		120.000		50.000			100.000	150.000	420.000
<b>Total</b>	<b>350.000</b>	<b>470.000</b>	<b>350.000</b>	<b>200.000</b>	<b>300.000</b>	<b>530.000</b>	<b>200.000</b>	<b>600.000</b>	<b>3.000.000</b>

Share of the lump sum per WP

## II. Lump sum grant: how many work packages?

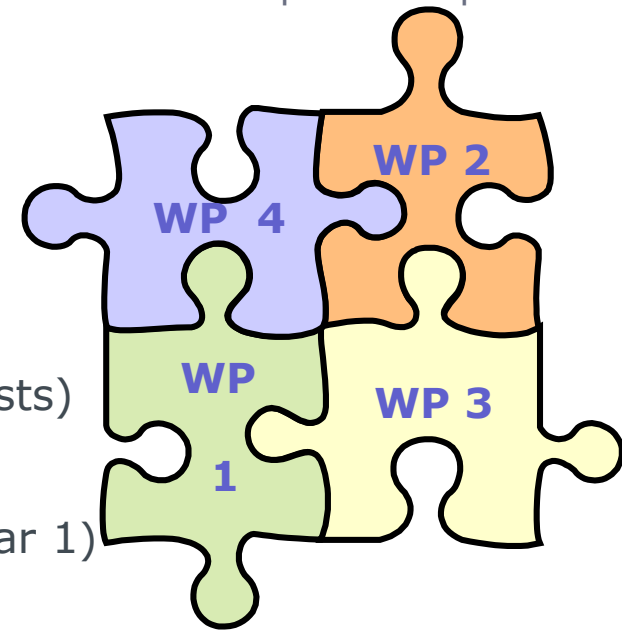
As many as needed but no more than what is manageable

*'Work package means a major sub-division of the proposed project.'*

Horizon 2020 Proposal template

Therefore:

- ✗ A single activity is not a WP
- ✗ A single task is not a WP
- ✗ A % of progress of work is not a WP  
(e.g. 50 % of the tests)
- ✗ A lapse of time is generally not a WP  
(e.g. activities of year 1)



Horizontal work packages (e.g.: Management, Dissemination and Exploitation, etc.) may be approached differently

## II. Lump sum grant: budget transfers

 All budget transfers require an amendment

	WP1	WP2	WP3	WP4	WP5	WP6	WP7	WP8	Total
Beneficiary A	250.000			50.000	300.000	250.000		300.000	1.150.000
Beneficiary B		250.000	350.000	50.000			100.000	150.000	900.000
Beneficiary C	100.000	100.000		50.000		280.000			530.000
Beneficiary D		120.000		50.000			100.000	150.000	420.000
Total	350.000	470.000	350.000	200.000	300.000	530.000	200.000	600.000	<b>3.000.000</b>

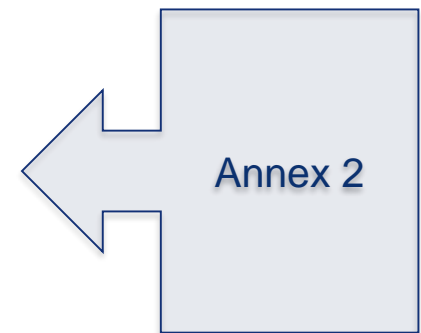
Transfer amounts between Work Packages only acceptable if:

- Work Packages **not** already completed (and declared)
- Justified by the technical and scientific implementation of the action
- A review confirms that it does not call into question the decision awarding the grant or breach the principle of equal treatment

## II. Lump sum grant: interim payment

Sum of the shares of the lump sum allocated to Work Packages fully completed in the reporting period

	WP1	WP2	WP3	WP4	WP5
<b>Beneficiary A</b>	250.000			50.000	300.000
<b>Beneficiary B</b>		250.000	350.000	50.000	
<b>Beneficiary C</b>	100.000	100.000		50.000	
<b>Beneficiary D</b>		120.000		50.000	
<b>Total</b>	350.000	470.000	350.000	200.000	300.000



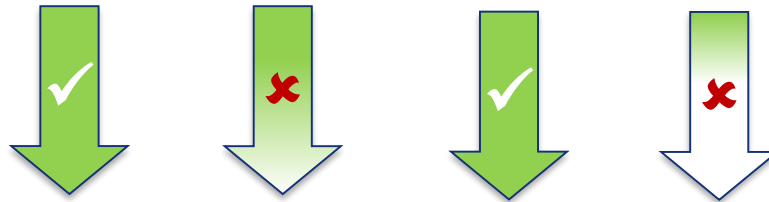
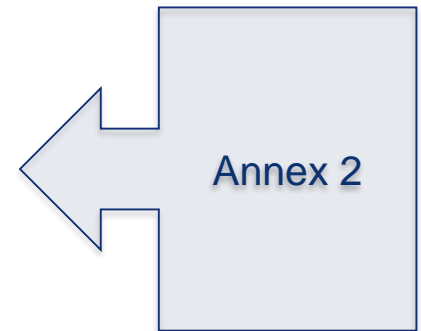
	WP1	WP2	WP3	WP4	WP5
<b>Beneficiary A</b>	Completed			Initiated	Initiated
<b>Beneficiary B</b>		Completed	Completed	Not initiated	
<b>Beneficiary C</b>	Completed	Not initiated		Not initiated	
<b>Beneficiary D</b>		Completed		Completed	



## II. Lump sum grant: interim payment

Sum of the share of the lump sum allocated to Work Packages fully completed in the reporting period

	WP1	WP2	WP3	WP4	WP5
Beneficiary A	250.000			50.000	300.000
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Beneficiary C	100.000	100.000		50.000	
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Total	350.000	470.000	350.000	200.000	300.000



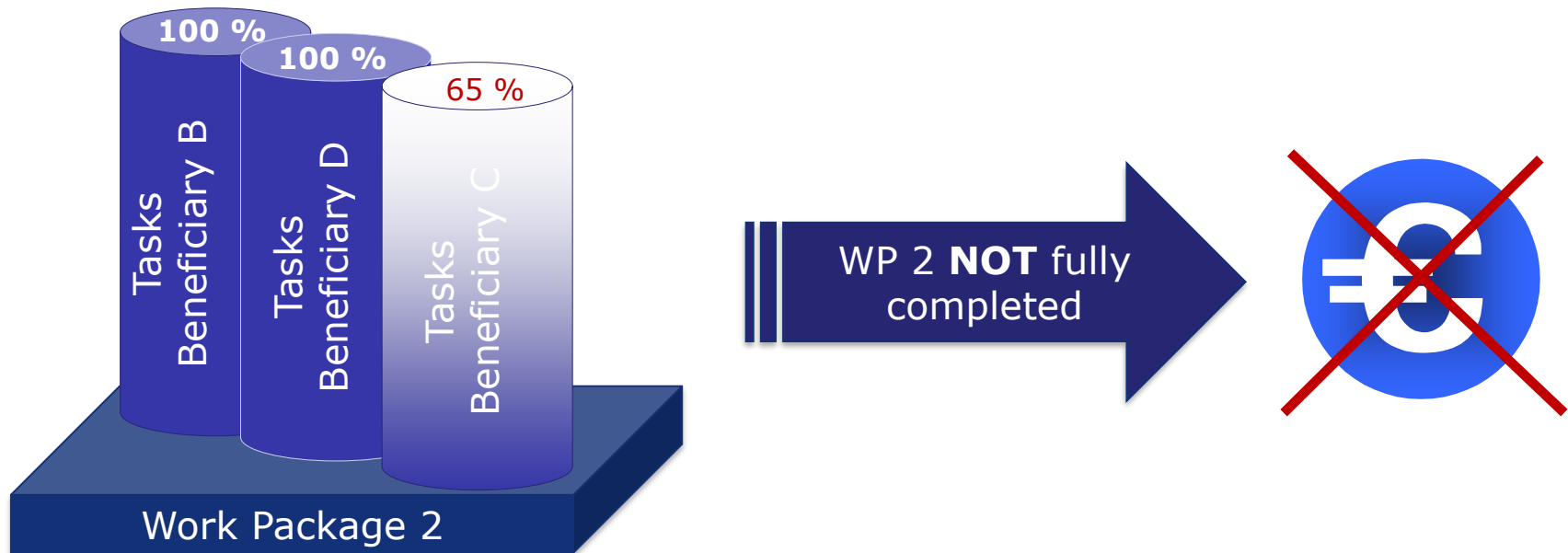
$$\text{Payment} = 350\ 000 + 0 + 350\ 000 + 0 = 700\ 000\ \text{€}$$



Limited to 90 % of the total grant

# Lump sum grant: interim financial reporting

Each beneficiary declares its share of the lump sum allocated to Work Packages **fully** completed in the reporting period





## II. Lump sum grant: types of payments



### Pre-financing payment

- Same functioning that in the general MGA
- Coordinator distributes the amount according to consortium agreement



### Interim payment(s)

- One or more
- Pay the shares of the lump sum set out in Annex 2 for the WPs completed & approved in the reporting period



### Payment of the balance

- Closes the financial aspects of the grant
- Uncompleted WPs will (generally) NOT be paid
- Releases the guarantee fund

## II. Lump sum grant: ex-post controls

### Checks, reviews and audits for:



Proper implementation of the action (e.g. technical audit)



Compliance with the other obligations of the grant:



IPR obligations

Obligations related to third parties (e.g. financial support)

Other obligations (e.g. ethics, visibility of EU funding, etc.)



## Bye, bye, financial audits

## II. Lump sum grant: ex-post controls

### They **need**



- Technical documents
- Publications, prototypes, deliverables
- Who did what?
- ...any document proving that the work was done as detailed in Annex 1

### They **don't need**



- Time-sheets
- Pay-slips or contracts
- Depreciation policy
- Travel invoices
- ....actual costs



*Already the case under the general MGA*

## II. Lump sum grant: useful links

The **lump sum pilot Model Grant Agreement** and the Annotated Model Grant Agreement are available on the dedicated sections of the Funding and Tenders Portal.

- H2020 Model Grant Agreement Lump Sum Pilot – Multi:  
[http://ec.europa.eu/research/participants/data/ref/h2020/mga/lumpsum/h2020-mga-lumpsum-pilot-multi\\_en.pdf](http://ec.europa.eu/research/participants/data/ref/h2020/mga/lumpsum/h2020-mga-lumpsum-pilot-multi_en.pdf)
- Annotated Model Grant Agreement (Lump Sum Pilot MGA from p. 809):  
[http://ec.europa.eu/research/participants/data/ref/h2020/grants\\_manual/amga/h2020-amga\\_en.pdf](http://ec.europa.eu/research/participants/data/ref/h2020/grants_manual/amga/h2020-amga_en.pdf)

## II. Lump sum grant: useful links (II)

Proposal templates:

- The Lump sum pilot proposal templates are very similar to the standard proposal templates
- For Option II topics, you have to submit as well an Excel workbook with the detailed estimation of costs
- You find both of them on the your topic description section at the Funding and Tenders Portal

Frequently Asked Questions at the Funding & Tenders Portal:

- <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/support/faq;categories=;programme=null;actions=;keyword=lump%20sum%20pilot>

# III. Conclusions

## What do I have to keep in mind when preparing a proposal for a Lump sum topic?

- Lump sum project funding removes all obligations on actual cost reporting and financial ex-post audits
- Lump sum is fixed in the Grant Agreement
- Lump sum share by work package and beneficiary fixed in Annex 2 of the MGA
- Payment upon completed work packages at the end of the reporting period



Keep it in mind to structure your proposal!  
However, the number of WPs should be reasonable



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**Thank you  
for your attention!**

**Find out more:**

<http://ec.europa.eu/programmes/horizon2020/>