



H2020

Participant Guarantee Fund

H2020 COORDINATOR'S DAY

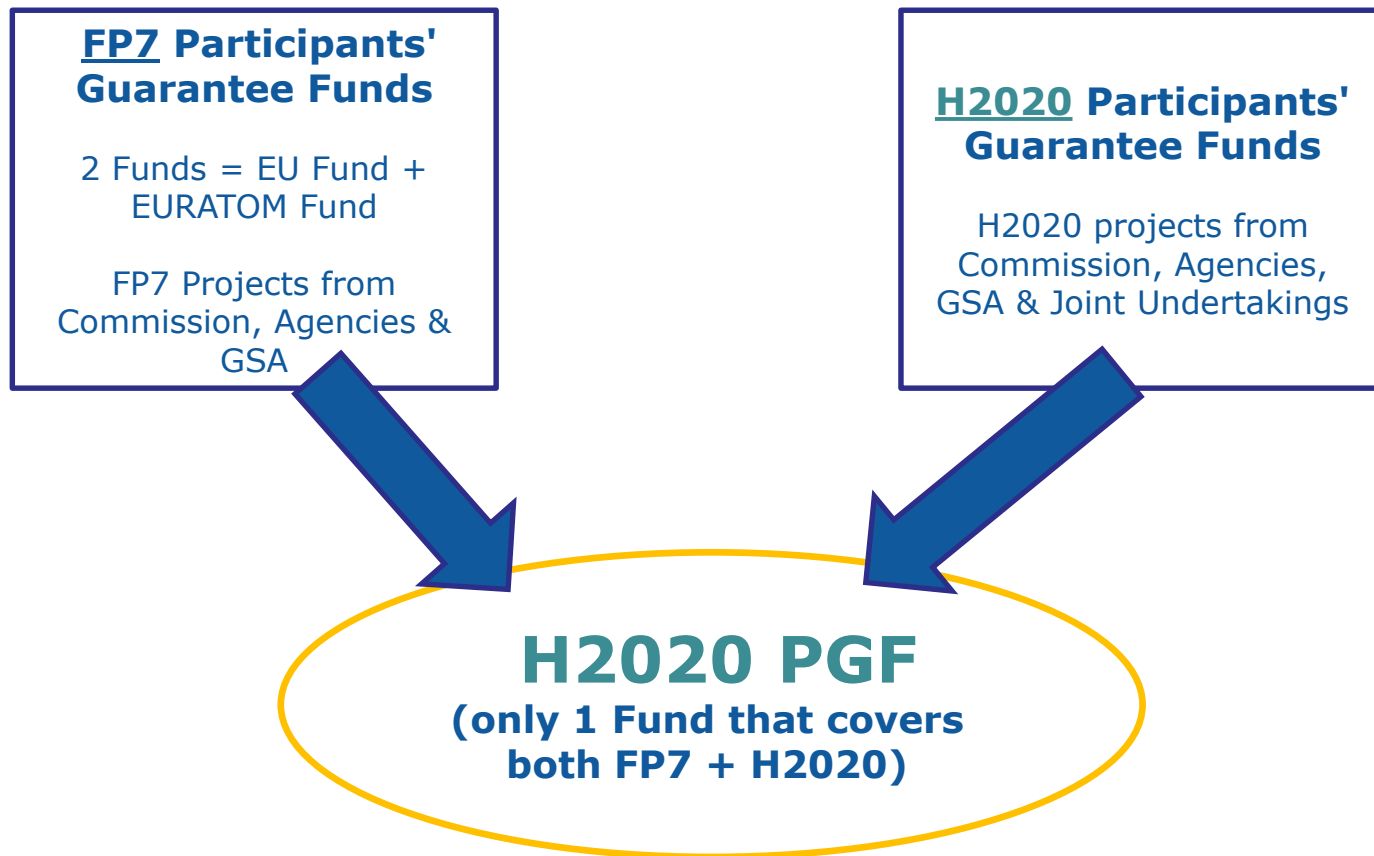
26 Nov 2018

DG RTD – Designated service of the Commission
for the management of the Guarantee Fund
Veronica MUNOZ

Agenda

- Creation, general view and objective of the Participant Guarantee Fund (PGF)
- Legal basis:
 - Rules for participation H2020 of 11/12/2013
- Mechanisms CRI
 - Contributions
 - Reimbursements
 - Interventions
- Statistics of the PGF

Creation of the PGF



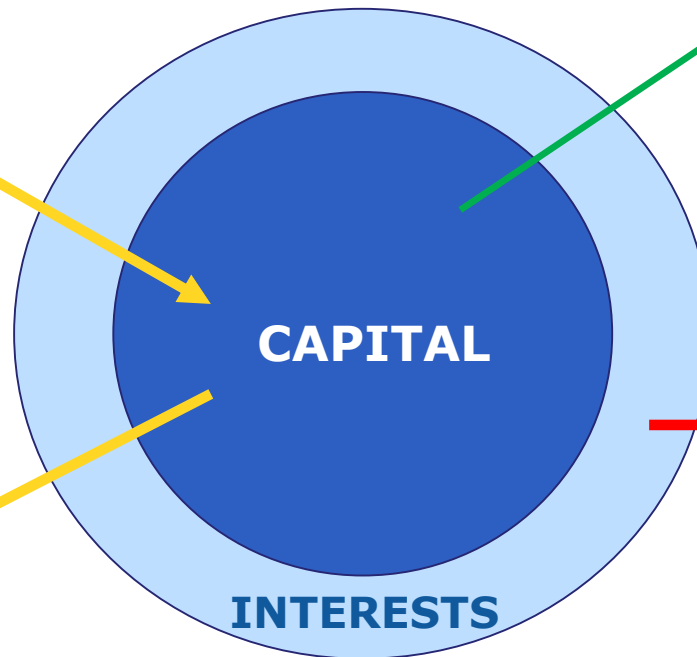
PARTICIPANT GUARANTEE FUND (PGF)

CONTRIBUTION

- 5% Max grant amount
- Retained at 1^o PF payment

REIMBURSEMENT

- Returned with payment of the balance



DG ECFIN – Manager of Financial Assets

- *Investment in Financial Markets*

INTERVENTION

DIRECT or INDIRECT to cover losses in EU budget

Objective of the PGF

*To **protect** the financial interests of the **EU budget***

Article 38 (1) of the 'H2020 Rules for participation'



INTERVENTION

Fund covers the risk of **non-recovery of sums due to the Union** under actions financed through grants by EC*

** except for: liquidated damages or financial penalties*

Regulation (EU) n°1290/2013 of 11/12/2013: "Rules for participation" - Articles 38 and 39

- creation of the H2020 PGF – H2020 PGF replaces and succeeds the PGFs FP7
- No change compared to FP7 PGF
 - contribution 5% of the max grant amount
 - deducted from the 1st PF payment
 - contribution is reimbursed at the end of the action
 - PGF interests used for interventions
- Changes for H2020 PGF
 - Union funding bodies (JU's) contribute to PGF
 - Financial management assets: EIB, Financial entity or **Commission**
 - no more interests: interventions on hold

Mechanisms: CRI

- ❑ Contributions
- ❑ Reimbursements
- ❑ Interventions

CONTRIBUTIONS

- ❑ 5% Max grant amount fixed in the GA
- ❑ Deduction from first pre-financing payment
- ❑ European Commission (DG ECFIN) invests the capital in the financial markets

REIMBURSEMENTS

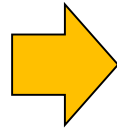
- ❑ Full contribution to the Fund is reimbursed at the end of the action (with the payment of the balance)
- ❑ Possibility of offsetting against amounts owed by beneficiary to the EU (no consent needed) – *H2020 Model Grant Agreement Art 21.4*
- ❑ 3 possibilities :
 - Reimbursement to **participants** (100%)
 - Reimbursement to **the EU budget** (100%)
 - **Partial** reimbursement (coordinator/EU budget)

INTERVENTION

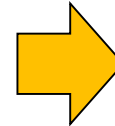
WHEN?

HOW?

INDIRECT INTERVENTION



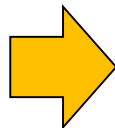
Non-recovery of
sums due from
beneficiaries to
Commission
→ unpaid Debit
Note



Guarantee Fund transactions:

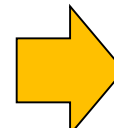
- **Payment** of Debit Note to **Commission**
- **new Debit Note** against beneficiary

DIRECT INTERVENTION



Launched under certain
conditions:

- **On-going** action
- **Beneficiary terminated** from GA and not reimbursing unsued pre-financing to coordinator
- **Consortium needs that pre-financing** to finalise action



Guarantee Fund transactions:

- **Payment** of lost amount to **consortium**
- **Debit Note** against beneficiary

INTERVENTIONS: Direct (Art. 39.3 (a)RP H2020)

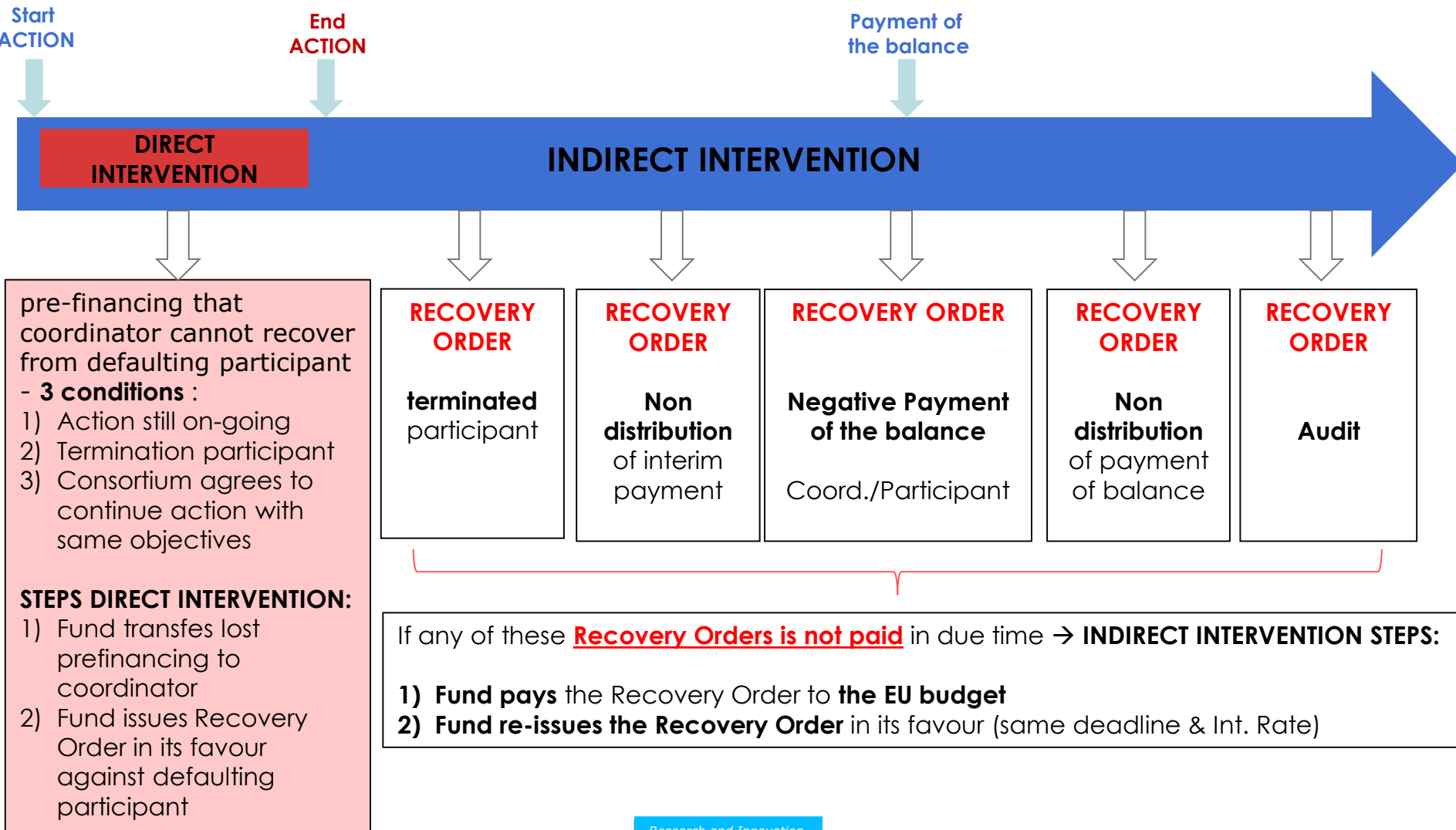
- ❑ Action on-going & pre-financing that coordinator cannot recover from defaulting participant*
- ❑ Participant terminated from GA (amendment)
- ❑ The Fund intervention with 2 transactions:
 - Payment from Fund to coordinator
 - Recovery from Fund against defaulting participant

** H2020 MGA – "... beneficiary must repay to the coordinator the amount unduly received... EU services will formally notify and request to repay in 30 days...If it does not repay to the coordinator, a debit note from the GF will be sent to the beneficiary concerned..."*

INTERVENTIONS: Indirect (Art. 39.3(b) RP H2020)

- ❑ Fund covers the loss of EU Budget of unpaid recovery orders issued after:
 - Participant terminated from GA – pre-financing due to the EC
 - Non-distribution of interim payment
 - Negative payment of the balance
 - Non-distribution of payment balance
 - Audit
- ❑ The Fund intervention with 2 transactions:
 - Payment from Fund to EU budget (1st recovery not paid by beneficiary)
 - 2nd Recovery from Fund against defaulting participant

SITUATIONS INTERVENTION OF THE PGF



Statistics of PGF H2020 (from 2007 until October 2018)

■ Contributions	4.01 EUR billion
■ Reimbursements	2.08 EUR billion
■ Interventions	102.47 EUR million
■ Recovered amount	8.51 EUR million
■ Accumulated interests	150.42 EUR million
■ Available interests for future interventions	47.95 EUR Million

Thank you