



Brussels, 10.12.2013
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COMMISSION DECISION

of 10.12.2013

**authorising the use of reimbursement on the basis of unit costs for ERA-NET Cofund
actions under the Horizon 2020 Framework Programme**

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Regulation of the European Parliament and of the Council establishing Horizon 2020 - The Framework Programme for Research and Innovation (2014-2020), and in particular Article 20(2) thereof,

Having regard to the Regulation 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), and in particular Articles 21 and 27 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 Union ¹, 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 Union contains detailed rules regarding unit costs.
- (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 unit costs is necessary 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 a unit cost should therefore be authorised for direct coordination costs of additional activities in ERA-NET Cofund actions.

HAS DECIDED AS FOLLOWS:

Article 1

The use of grants for reimbursement of eligible costs declared by beneficiaries on the basis of unit costs is authorised for the ERA-NET Cofund actions under the Horizon 2020 Framework Programme, for the reasons and under the conditions set out in the Annex.

¹ OJ L 298, 26.10.2012, p. 1.

Article 2

This Decision is subject to the final adoption of the Regulation of the European Parliament and the Council establishing Horizon 2020 - The Framework Programme for Research and Innovation (2014-2020), the Regulation of the European Parliament and of the Council laying down the rules for the participation and dissemination in Horizon 2020 – The Framework Programme for Research and Innovation (2014-2020) and the Council Decision establishing the Specific Programme implementing Horizon 2020 – The Framework Programme for Research and Innovation (2014-2020) by the legislative authority without significant modifications.

Done at Brussels, 10.12.2013

For the Commission
Máire GEOGHEGAN-QUINN
Member of the Commission

1. Forms of grants and categories of costs covered

The grants for the ERA-NET Cofund actions under the Horizon 2020 Framework Programme shall take the form of reimbursement of eligible costs declared by beneficiaries on the basis of unit costs for the coordination of their additional activities. Additional activities are joint activities other than those related to the co-funded joint call.

As set out in the work programme and model grant agreement for the ERA-NET Cofund actions, coordination costs for additional activities carried out by beneficiaries that implement transnational projects (partially or fully) themselves are not eligible.

The categories of eligible costs covered by the unit costs are the direct eligible coordination costs of the additional activities, i.e.:

- Personnel costs of staff directly assigned to the coordination of the additional activities;
- Travel costs and related subsistence allowances necessary for the coordination of the additional activities;
- Costs of subcontracting for the coordination of additional activities;
- Depreciation costs for equipment directly used for the coordination of additional activities;
- Costs of goods and services directly used for the coordination of additional activities.

As set out in the work programme and model grant agreement for the ERA-NET Cofund actions, the costs of coordination of the co-funded joint call (activities related to the preparation, implementation and follow-up of the co-funded call) are not eligible.

Other categories of eligible costs (i.e. costs of financial support to third parties implementing trans-national projects and costs for the implementation of trans-national projects by the beneficiaries) shall be reimbursed on the basis of eligible costs actually incurred or, for indirect costs (including indirect costs of coordination of additional activities), on the basis of flat-rate financing.

The amount of the unit costs to be declared by the beneficiaries shall be calculated in accordance with the method set out in Section 3.

2. Justification**2.1. Nature of the supported actions**

ERA-NET Cofund under Horizon 2020 is based on the merger of the former ERA-NET actions (Union support to coordination and management costs) and ERA-NET Plus actions

(Union support to the funding of transnational projects) and is implemented by using 'programme co-fund actions'. It is designed to support public-public-partnerships in their preparation, establishment of networking structures, design, implementation and coordination of joint activities as well as Union topping-up of a trans-national call for proposals. It allows for programme collaboration in any part of the entire research-innovation cycle.

The main and compulsory activity of the ERA-NET Cofund under Horizon 2020 is the implementation of a single co-funded joint call for proposals that leads to the funding of trans-national research and innovation projects. The call is normally based on a call for proposals resulting in grants (financial support) to third parties, but may also cover calls for proposals of governmental research organisations carrying out trans-national projects partially or fully themselves. The Union contribution to the costs for support to trans-national projects is limited to support awarded following one call per grant agreement. The costs for activities related to the preparation, implementation and follow-up of the co-funded call are not eligible.

In addition to the co-funded call, the consortia may implement other joint activities. The activities supported by the grant based on unit costs under this decision must be related to the coordination of public research and innovation programmes and should focus on the preparation and implementation of joint activities including other joint calls without Union co-funding. Those additional activities are similar to the activities which have been carried out in the ERA-NETs under FP6 and FP7 (i.e. activities which were not supported by Union co-funding of calls).

2.2. Risks of irregularities and fraud and costs of control

The progress reports provided by the beneficiaries in ERA-NET actions will include information on the contribution from each beneficiary to the additional activities. The actual implementation of those additional activities is easy to verify. The risk of irregularities or fraud is thus very low. In case of doubt, the coordinator and the Commission may request supporting documents substantiating their implementation.

Conversely, the costs of control of the actual eligible costs of coordination of the additional activities are high (many personnel-intensive tasks are involved).

Therefore, since the amount per beneficiary per year is limited, the reimbursement of eligible coordination costs on the basis of unit costs ensures a low risk of irregularity or fraud while keeping in line with the objective of simplification (less reporting obligations) and cost-effectiveness of controls.

3. Method to determine the amounts

The unit cost to be applied under Horizon 2020 is determined by reference to statistical data (historical data reported by beneficiaries under FP6), i.e. the cost statements for final reporting of a representative sample (around 30%) of the 71 ERA-NET projects under FP6.

Under FP6, the participants could submit proposals with a cost distribution and overall costs according to the needs of the consortium. Under FP7, the maximum Union contribution per ERA-NET was pre-defined in the work programme (between EUR 1 and 3 million), which had a strong influence on the amount and distribution of coordination costs. In addition, since most FP7 ERA-NET grant agreements are not closed yet (no final payment), the sample from

FP7 would be very small. Therefore, in order to make a reference to unbiased data, only projects under FP6 have been taken into account.

The amount of the unit cost is based on the coordination costs declared (and approved for the final payment) in the financial management reports per beneficiary and per year. Under FP6 (and FP7) the Union contribution was limited to the reimbursement of actual direct costs and a flat rate of 7% applied to them for indirect costs. The flat rate for indirect costs covered only part of the actual indirect costs of the beneficiaries.

For the calculation of the unit costs, the 7% indirect costs included in the Union contribution were deducted in order to determine the Union contribution to actual direct costs. The extreme amounts, i.e. the lowest and highest 10%, were excluded from the sample.

The result for the average amount of actual direct costs for coordination is EUR 29 783.

Since these direct costs include costs for subcontracting of around 4.5% for the sample used, this amount has been adjusted to compensate for these subcontracting costs.

The unit cost for eligible direct coordination costs of additional activities per beneficiary per year is therefore fixed at EUR 29 000, to which the flat rate of 25% for indirect costs under Horizon 2020 is to be applied.

The amount to be reimbursed (per beneficiary per year) is determined by applying the reimbursement rate applicable to ERA-NET actions (normally 33%) to the unit cost. As a consequence, the maximum reimbursement of direct and indirect costs of coordination of additional activities per beneficiary per year will be EUR 11 962,50.

The horizontal Annex to the Horizon 2020 work programme also specifies that the Union contribution to coordination costs for additional activities through the reimbursement of unit costs should not exceed 20% of the total Union contribution to the action.

The amount of EUR 29 000 per beneficiary per year shall apply for the full duration of Horizon 2020, unless it does not prove appropriate anymore. In such a case, it will be adjusted by a new Commission decision.

4. No-profit and co-financing principles and absence of double financing

As explained above, the reimbursement of direct coordination costs on the basis of the unit costs only corresponds to a fraction of what was paid to participants in the past, since the reimbursement rate is reduced from 100% to 33%. The method for calculation thus ensures that there can be no risk of participants getting a profit out of the payment of coordination costs for additional activities.

As regards the receipts generated by an action, the obligation to deduct the receipts from statistical (historical) data does not apply here as there is no receipt in ERA-NET actions.

As provided for in the ERA-NET model grant agreement, only the following categories of costs are eligible for co-funding from the Union:

- Costs of coordination of additional activities;
- Costs related to the trans-national projects. Where those costs are the costs of financial support to third parties, the costs of the trans-national projects are clearly and easily separated from the coordination costs. This ensures that no costs related to the trans-national projects can be charged under coordination costs.

This separation is more difficult to ensure where the costs are incurred by beneficiaries carrying out the trans-national projects themselves. Therefore, in order to avoid double financing, this decision and the ERA-NET Cofund model grant agreement specify that beneficiaries carrying out the trans-national project themselves may not declare eligible coordination costs under any form (including no eligible coordination cost on the basis of unit costs).