

Lum sum funding: a researchers' dream come true?

Martin Baumgartner (FFG – Austria)

Michael Schijns (RVO – Netherlands)

EARMA Conference 2018, Brussels, 17. April 2018

What happened so far?

Long standing considerations about
“Lump Sum Funding” e.g. Survey 2011

Survey on administrative costs for participants in the 7th EU Framework Programme for Research and Technological Development (FP7)

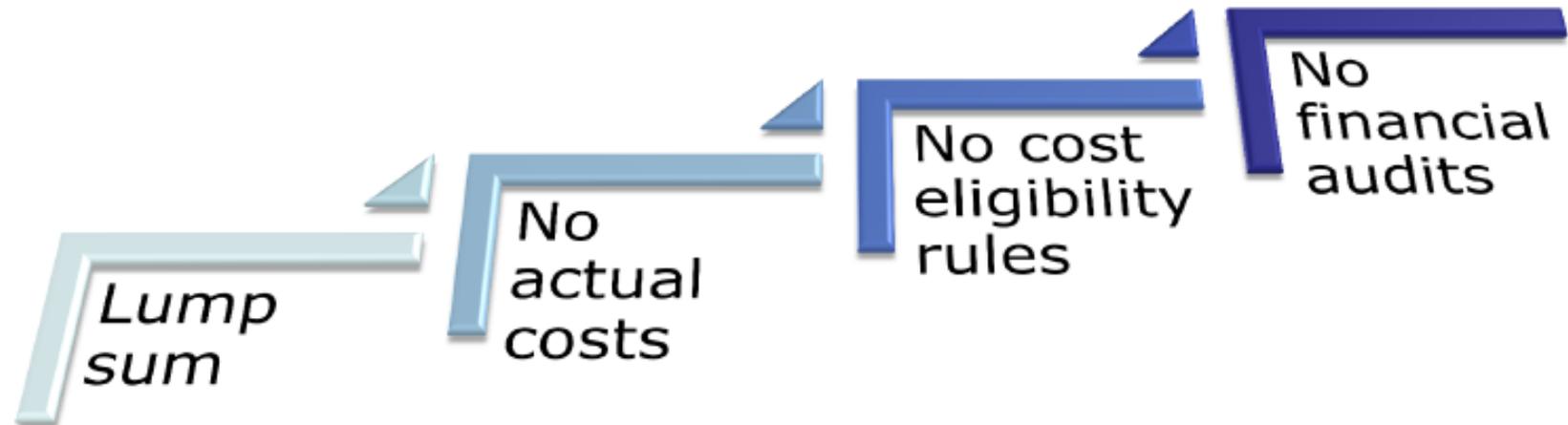
9. As regards **potential scenarios for future EU funding rules**, the scenario providing reimbursement of actual costs but with major simplifications to the eligibility rules gathers the most positive views, if combined with a harmonised application of the rules and improved communication and assistance to participants. Other two scenarios (output-based funding with project-specific lump sums for entire projects and extended use of flat rates, lump sums and scales of units) are perceived as alternatives for specific projects/partners or if proposed as options alongside the actual cost scenario (p.15-16).

When expressing their views, respondents favour mainly 1st and 3rd scenarios, sometimes both together (totals by rows may be more – or less – than 100%), and are against 2nd scenario:

	Lump-sums for entire projects (970 responses)	More lump-sums and flat-rates (579 responses)	Simplified actual costs (580 responses)
In favour (best option / less burden)	48%	27%	51%
Best for personnel costs		2%	
Best for indirect costs		1%	
Against (lower than real costs / no simplification / financial risk)	24%	42%	18%
Dubitative (Simplification difficult to evaluate)	24%	27%	28%
No trust (it will not work in practice)	4%	2%	4%

Lump sum funding – why?

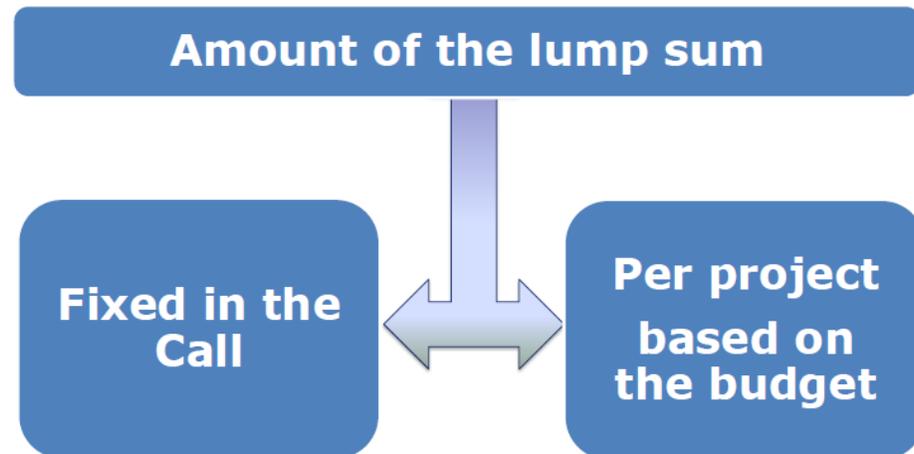
- Huge simplification potential.
- Despite all simplification, funding based on reimbursement of incurred costs stays complex and error-prone.
- Focus on performance = shift from focus on financial management and checking costs to focus on scientific-technical content of the projects.



Lump sum funding – how?

Pilot consists of 2 topics in 2018:

1. A digital ‘plug and produce’ online equipment platform for manufacturing (Innovation Action – NMBP)
2. New anti-infective agents for prevention and/or treatment of neglected infectious diseases (Research and Innovation Action – Health)



Lump sum funding – how?

Lump sum evaluation and grant agreement follow the 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.

Lump sum funding – how?

One (sub-)lump sum 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.

Lump sum funding – how?

For each work package, the grant agreement defines how the lump sum is split among the beneficiaries participating in it.

This limits their financial liability.

Consortium is jointly liable for implementation as today.

No actual cost reporting and no financial audits.

Lump sum funding – how?

Costs actually incurred are not relevant.

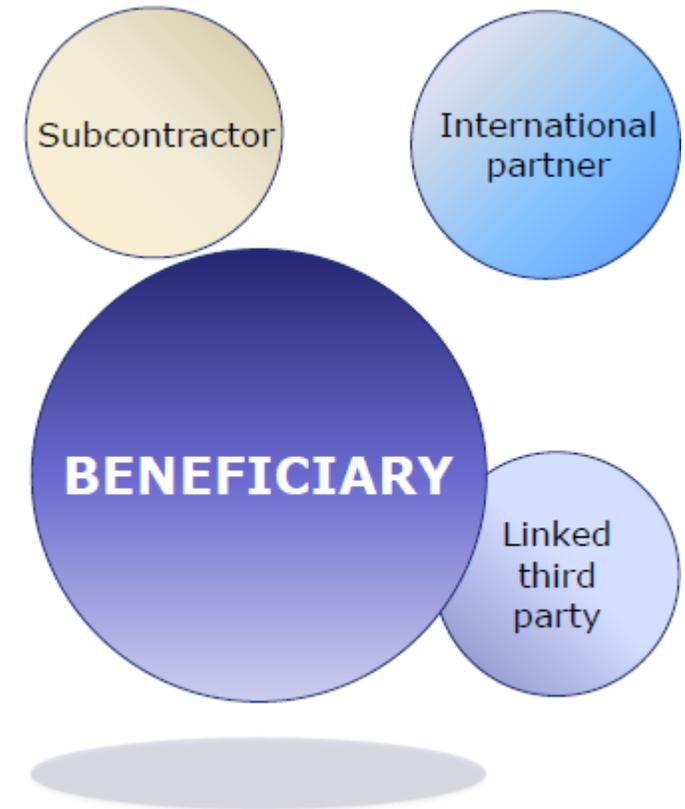
Who does the work still is !

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



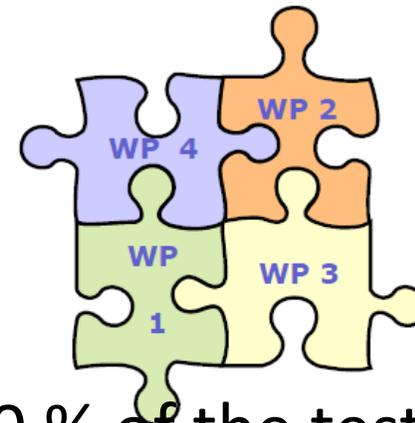
How many work packages?

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).
-  WP management may be a special case.



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

Reporting

Periodic report ⇒ Submitted by coordinator max. 60 days after end of the period

Periodic Technical Report

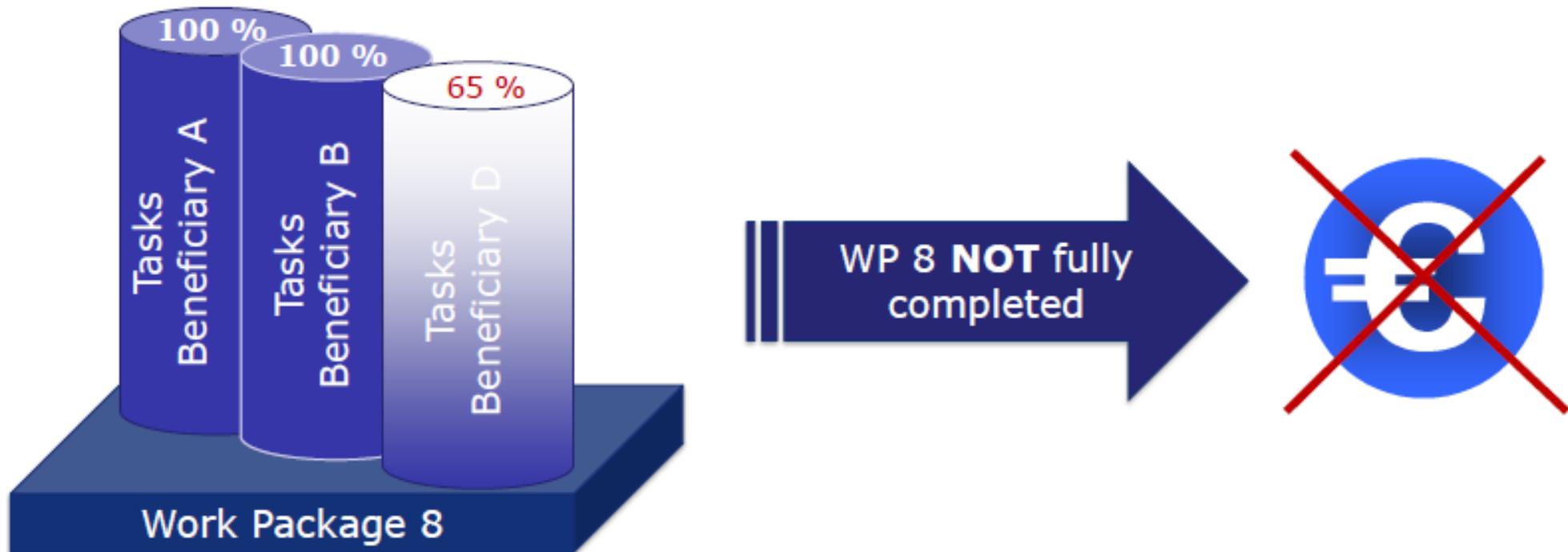
- ✓ explanation of the work carried out
- ✓ overview of progress of the work & plan for the exploitation dissemination of results
- ✓ summary for publication
- ✓ questionnaire

Periodic Financial Report

- ✓ financial statement (individual & summary): no cost categories; only lump sum shares
- ✓ use of the resources: only to report subcontracts not in Annex 1

Reporting

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



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.)

Controls

You **need**



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

You **don't need**



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



Already the case under the general MGA

More information

European Commission
RESEARCH & INNOVATION
Participant Portal

HOME FUNDING OPPORTUNITIES HOW TO PARTICIPATE PROJECTS & RESULTS EXPERTS SUPPORT LOGIN REGISTER

Reference Documents

Beneficiary Register
Partner Search
Financial Viability Self-Check
SME Participation

Reference Documents

This page includes all the H2020 & FP7 reference documents starting with legal documents and the Commission work programmes for research and innovation up to model grant agreements and guides for specific actions and horizontal issues. The documents are grouped by categories. It also includes reference documents of other EU programmes, as 3rd Health, Consumer, COSME and Research Fund for Coal and Steel programmes. To access a document:

- Click on a folder
- Click on ARROW to have more information about the document and its available translations

You can search a specific H2020 or FP7 document on the [Europa Search](#) service.

H2020 Other EU programmes FP7

All contents of the H2020 Grants Manual folder below are being transferred to the [ONLINE MANUAL](#)

- Legislation
 - Framework programmes (EC-Euratom)
 - Rules for participation
 - Specific programme
 - European Institute of Innovation and Technology (EIT)
- Work Programmes
 - 2014-15
 - 2016-17
 - 2018-20
- Grant agreements, contracts and rules of contest
 - Model grant agreements
 - General Grant Agreement
 - European Research Council (ERC)
 - Marie-Sklodowska-Curie (MSC)
 - SME Instrument
 - ERANET Cofund
 - Pre-Commercial Procurement (PCP)/Public Procurement (Innovative Solutions) (PPI)
 - European Joint Programme Cofund
 - Framework Partnerships
 - Lump sum
 - H2020 MGA Lump sum - Multi - v5.0
 - H2020 MGA Lump Sum Pilot - Multi
 - H2020 Lump Sum Pilot - Methodology option 1
 - H2020 Lump Sum Pilot - Methodology option 2

The EU Framework Programme for Research and Innovation
HORIZON 2020

H2020 Programme
Multi-Beneficiary Model Grant Agreement
Lump sum pilot

(H2020 MGA Lump sum pilot — Multi)

Version 5.0
27 October 2017

Disclaimer
This document is aimed at assisting applicants for Horizon 2020 funding. It shows the full range of provisions that may be applied in this type of grant agreement, and is provided for information purposes only. The legally binding grant agreement will be that which is signed by the parties for each action.

EN
ANNEX

1. Form of grant and categories of costs covered

Grants to be awarded under the topic DTY-NNBP.20-2018. A digital 'plug and produce' online equipment platform for manufacturing' of Horizon 2020 work programme 2018-2020 shall exclusively take the form of a standard lump sum pre-fixed by the Commission.

This lump sum will cover the beneficiaries' direct and indirect eligible costs for the project (i.e. design and development of an ICT platform and experimentation of the platform by companies in the manufacturing sector).

These costs must be shown in the proposal, via a description of resources, a detailed cost estimate per work package and per beneficiary and linked third party and a detailed budget table.

This detailed budget should show the costs of each beneficiary in the following categories:

- Direct personal costs
- Other direct costs
- Direct costs of subcontracting
- Direct costs of providing financial support to third parties
- Indirect costs

It may include only costs that would be eligible for an actual costs grant and must exclude costs that are ineligible under the H2020 rules.

Indirect costs should be calculated by applying a flat-rate of 25% to the direct cost categories that qualify for indirect costs under the H2020 rules.

The applicants must also provide in the proposal a breakdown of the lump sum showing the share per work package, per beneficiary, each work package, the share assigned to each beneficiary and the third party. This estimated lump sum breakdown will become part of the grant agreement (Annex 2).

The proposal must describe, for each work package, the activities that are covered by the lump sum share.

The amount of the lump sum for each grant is fixed at 7.5 million euro, following the methodology set out in Section 3.

Payments do not depend on the costs actually incurred.

The lump sum will be paid by the Commission/Agency, if the corresponding work packages of the action have been properly implemented in accordance with Annex 1 of the grant agreement (and provided that all other obligations under the grant agreement have been complied with).

EN
ANNEX

2. Simplification as a central sum of the Horizon 2020 Framework Programme and of the European Programme complementing Horizon 2020

Grants under the Horizon 2020 Framework Programme and under the European Programme complementing Horizon 2020 may take the form of a lump sum, for calls or topics specified in the Horizon 2020 Work Programme 2018-2020.

This lump sum will be determined for each grant by the Commission/Agency on the basis of the following principles:

- The lump sum must be an approximation of the beneficiaries' underlying actual costs;
- The applicants must propose the amount of the lump sum on the basis of their estimated direct and indirect project costs and in accordance with the method described in Section 3;
- The proposal must show the costs and categories of costs covered by the lump sum, may contain only costs that would be eligible for an actual costs grant and must exclude costs that are ineligible under the H2020 rules;
- The Commission/Agency will apply the method in Section 3 to fix the lump sum, based on the proposal and the evaluation result;
- The H2020 25% flat rate for indirect costs and reimbursement rates are included in the calculation of the lump sum (see Section 3).

Payments do not depend on the costs actually incurred.

The lump sum will be paid by the Commission/Agency, if the corresponding work packages of the action have been properly implemented in accordance with Annex 1 of the grant agreement (and provided that all other obligations under the grant agreement have been complied with).

Lump sums whose conditions have been fully met during a reporting period are paid to the coordinator.

Lump sums whose conditions have not been fully met during a reporting period are not paid, but could be paid in the subsequent reporting period if the conditions are fully met.

Lump sums whose conditions are not met in any reporting period are not paid and the grant is reduced by an amount up to the value of the lump sum concerned following a contradictory procedure with the coordinator or beneficiary concerned.

2. Justification

Simplification as a central sum of the Horizon 2020 Framework Programme and of the European Programme complementing Horizon 2020 needs to be reflected in its design, rules, financial management and implementation.

Contacts

- Martin Baumgartner



- National Contact Point Legal Aspects – Austria
- eMail: martin.baumgartner@ffg.at
- Twitter: [@Legal_NCP_AT](https://twitter.com/Legal_NCP_AT)
- LinkedIn: Martin Baumgartner

- Michael Schijns



- National Contact Point Legal Aspects – Netherlands
- eMail: michael.schijns@rvo.nl
- Web: h2020.nl
- LinkedIn: [michaelschijns](https://www.linkedin.com/in/michaelschijns)