Model Grant Agreement

LUMP SUM PILOT
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.
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
Lump sum grant: two methods

Amount of the lump sum

Fixed in the Call

Per project based on the budget
**Lump sum grant: budget allocation**

**Annex 2**

Lump sum = Maximum grant amount

Max. liability of the beneficiary after payment of balance

<table>
<thead>
<tr>
<th>WP1</th>
<th>WP2</th>
<th>WP3</th>
<th>WP4</th>
<th>WP5</th>
<th>WP6</th>
<th>WP7</th>
<th>WP8</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiary A</td>
<td>250.000</td>
<td></td>
<td>50.000</td>
<td>300.000</td>
<td>250.000</td>
<td></td>
<td>300.000</td>
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<td>Beneficiary B</td>
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<td>900.000</td>
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<tr>
<td>Beneficiary C</td>
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<td>530.000</td>
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<td>Beneficiary D</td>
<td>120.000</td>
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<td>50.000</td>
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<td>100.000</td>
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<td><strong>Total</strong></td>
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Share of the lump sum per WP
**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)

WP management may be an special case.
Lump sum grant: distribution of funds

Distribution of funds does not change financial liability of Annex 2
### Lump sum grant: budget transfers

All budget transfers require an amendment

<table>
<thead>
<tr>
<th>WP1</th>
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<td>420.000</td>
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</tbody>
</table>

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
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
**Lump sum grant: periodic report**

**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

Disclaimer: Information not legally binding
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.

Work Package 8

- **100%** Tasks Beneficiary A
- **100%** Tasks Beneficiary B
- **65%** Tasks Beneficiary D

WP 8 **NOT** fully completed
### Lump sum grant: interim payment

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

<table>
<thead>
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<td>Beneficiary A</td>
<td><strong>Completed</strong></td>
<td></td>
<td><strong>Initiated</strong></td>
<td><strong>Initiated</strong></td>
</tr>
<tr>
<td>Beneficiary B</td>
<td></td>
<td><strong>Completed</strong></td>
<td><strong>Completed</strong></td>
<td></td>
</tr>
<tr>
<td>Beneficiary C</td>
<td><strong>Completed</strong></td>
<td></td>
<td><strong>Not initiated</strong></td>
<td></td>
</tr>
<tr>
<td>Beneficiary D</td>
<td></td>
<td><strong>Completed</strong></td>
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**Lump sum grant: interim payment**

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

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</tr>
</tbody>
</table>

**Payment** = 350,000 + 0 + 350,000 + 0 = 700,000 €  

Limited to 90% of the total grant

*Disclaimer: Information not legally binding*
Participation of a beneficiary is terminated:

1. Contradictory procedure with the beneficiary about the shares of the lump sum approved by the Commission.
   
   In general: only shares for WP in which it has completed its tasks may be approved.

2. Amount approved > payments from coordinator?
   
   If YES = coordinator pays the difference
   
   If NOT = beneficiary repays to coordinator
   
   If beneficiary does not repay ⇒ Guarantee fund pays

Disclaimer: Information not legally binding
Lump sum grant: payment of the balance

All work completed as indicated in Annex 1:
The Commission pays the remaining amount up to the total lump sum (and releases the Guarantee Fund)

Some WP not completed as indicated in Annex 1:

- **WP rejected** (in full or in part)
- Grant reduced
- Consortium loses the share allocated to that WP
- The Guarantee Fund does **NOT** intervene

As in General MGA, other reductions (e.g. for breach of obligations) may also apply
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
## Lump sum grant: ex-post controls

<table>
<thead>
<tr>
<th>You <strong>need</strong></th>
<th>You <strong>don't need</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>□ Technical documents</td>
<td>□ Time-sheets</td>
</tr>
<tr>
<td>□ Publications, prototypes, deliverables</td>
<td>□ Pay-slips or contracts</td>
</tr>
<tr>
<td>□ Who did what?</td>
<td>□ Depreciation policy</td>
</tr>
<tr>
<td>...any document proving that the work was done</td>
<td>□ Travel invoices</td>
</tr>
<tr>
<td>as detailed in Annex 1</td>
<td>□ ....actual costs</td>
</tr>
</tbody>
</table>

⚠️ *Already the case under the general MGA*

Disclaimer: Information not legally binding
**Lump sum grant: recoveries**

**During the action**
- Recovery only in case of termination of a beneficiary (if amount approved < amount received from the coordinator)

**Payment of balance (PoB)**
- Recovery if amount approved < payments already made (e.g. grant reduction due to WP not completed according to Annex 1)
- Excess will normally be recovered from beneficiaries whose amount approved < amount received from the coordinator

**After PoB**
- Following (e.g.) a technical audit
- Recovery only from defaulting beneficiaries
- Each partner liable up to the amount allocated to it in Annex 2
Thank you for your attention!

Find out more: http://ec.europa.eu/programmes/horizon2020/