HORIZON 2020
Key changes in legal and financial requirements

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Simpler funding rules, that take into account the stakeholders’ preference for

Simplification: the new main word in Horizon 2020

Simplification: a major feature of Horizon 2020
Significant innovations in Horizon 2020

- **EU Financial Regulation** and **Rules for participation** are valid for all H2020 components (e.g. EIT, JTI, Article 185…); Exceptions are possible where necessary.

- **Standard funding rates** for all project participants and activities (one funding rate per project)

- **25% flat rate** for indirect costs
Significant innovations in Horizon 2020

- **Shortening** of the average „time-to-grant“
- **Simplified controls and audits**
  - max. one CFS per project/participant
  - financial ex-ante checks now only for private coordinators for projects with equal/more than € 500.000 funding
- **Simplification of time-keeping records**
- **Open Access as basic principle for scientific publications**
- **Electronic signatures**
<table>
<thead>
<tr>
<th>Funding actions</th>
<th>Funding rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research and Innovation action</td>
<td>100 %</td>
</tr>
<tr>
<td>Innovation action (close to market)</td>
<td>70 %</td>
</tr>
<tr>
<td><em>funds new, modified or improved products, processes or services</em></td>
<td>100 % for NPOs</td>
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<tr>
<td>- creating protypes, tests, demonstrations, pilot projects, large-scale product validation and developing marketability</td>
<td></td>
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<tr>
<td>Co-ordination and support action</td>
<td>100 %</td>
</tr>
<tr>
<td>European Research Council (ERC)</td>
<td>100 %</td>
</tr>
<tr>
<td>Marie Skłodowska-Curie action</td>
<td>100 %</td>
</tr>
<tr>
<td>(except Co-fund)</td>
<td></td>
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<tr>
<td>SME Instrument</td>
<td>70 %</td>
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**New!**
## Funding Instruments II

<table>
<thead>
<tr>
<th>Funding actions</th>
<th>Goals</th>
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| Prizes | • To create incentive investments in research and development in specific areas  
• Awards based on results  
• Uncomplicated procedure for granting funds |
| Fast Track to Innovation | • Speeding up the development of technologies towards innovative products, processes and services  
• Increasing private investment in R & I |
| Pre-Commercial Procurement – Co-fund (PCP) | • Co-financing research and development in innovative products and services that are not yet on the market |
| Public Procurement of Innovative Solutions (PPI) – Co-fund | • Co-financing to procure innovative products and services that are already on the market or have just been launched onto the market |
| Various other Co-fund | • Co-financing (e.g. ERA-NET procedures, Fellowship programme etc.) |
Minimum criteria for participation

• **Standard conditions:**
  a minimum of three *mutually independent legal entities*
  from different Member States or associated countries

• **Exceptions:**
  • ERC, Coordination/Support Actions, SME-Instrument...:
    at least one legal entity
  • **Fast Track to Innovation:** 3-5 legal entities

• **Additional eligibility criteria:**
  possibly applicable in accordance with Work Programme or Work Plan
Funding partners from third countries

- Differentiation according to country groupings
- Funding, if specified in the Work Programme
- „Industrialised States“, BRIC and Mexiko
  => no automatic funding, except in the case of:
  ✓ Funding as specified in the Work Programme or
  ✓ Participation is essential for the realisation of the project or
  ✓ Existing bilateral agreement
Time-to-grant: „5+3“

- Information on the **evaluation results** max. 5 months from Call-Deadline (two-stage Calls: 2nd Call deadline)
- Thereafter max. 3 months to conclusion of contract

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5 mths from deadline: Information about evaluation results

3 more mths: Contract

- Longer period of time-to-grant possible: ERC projects / justified exceptional cases (complex projects) / request of consortium

To speed up: each proposal will be evaluated „as it is“, not as „what it could be“; no more paper
Evaluation of proposal – standard award criteria

- ERC frontier research actions = „only excellence“
- Innovation actions = higher weighting for „impact“
Funding rate for “Research and Innovation actions“

- For “Research and Innovation actions“: 100 %
- Indirect costs: 25 % of the direct, eligible costs (except subcontracting + third parties in-kind contribution not used on the beneficiaries premises)

<table>
<thead>
<tr>
<th>Direct Costs</th>
<th>Indirect Costs</th>
<th>Total</th>
<th>Funding rate</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 €</td>
<td>25 €</td>
<td>125 €</td>
<td>100 %</td>
<td>125 €</td>
</tr>
</tbody>
</table>
Funding rate for „Innovation actions“

- For „Innovation actions“: 70 %
  „non-profit“ org.: 100 %

- Indirect Costs: 25 % of the direct eligible costs (except subcontracting + third parties in-kind contribution not used on the beneficiaries premises)

Generally funded to 70 %

<table>
<thead>
<tr>
<th>Type of organisation</th>
<th>Direct costs</th>
<th>Indirect costs</th>
<th>Total</th>
<th>Funding rate</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generell</td>
<td>100 €</td>
<td>25 €</td>
<td>125 €</td>
<td>70 %</td>
<td>87.5 €</td>
</tr>
<tr>
<td>Non profit org.</td>
<td>100 €</td>
<td>25 €</td>
<td>125 €</td>
<td>100 %</td>
<td>125 €</td>
</tr>
</tbody>
</table>
Specific rules for non profit org.

Definition of 'non-profit': legal entity
- which by its **legal form** is **non-profit-making** or
- which has a **legal or statutory obligation not to distribute profits** to its shareholders or members

**100 % funding** also in Innovation actions

**Possibility of additional remuneration** for personnel assigned to the action up to € 8.000,- (fulltime/year) if:
- part of the beneficiary’s usual remuneration practices
- criteria used to calculate the supplementary payments are objective and generally applied by the beneficiary

**VAT:** eligible costs (if non-deductible and paid by the beneficiary)
Overview of cost reporting

Types of costs:
- Actual costs
- Unit costs
- Flat-rate costs, e.g. for indirect costs

Standard cost categories:
1) Personnel costs
2) Subcontracting costs
3) Other direct costs (e.g. travel expenses, equipment /infrastructure depreciation, services...)
4) Indirect costs
1. Actual costs (hourly rate):
   - **actual gross costs**
     (last completed financial year at the end of the period to be reviewed)
   - *divided by the* annual productive hours
     (3 alternative methods: 1720/Standard/Actual)
   - multiplied by the number of hours worked on the project

2. „Unit costs“:
   - Hourly rate as agreed in the GA or
   - Calculated according to the *usual method* of the organisation
3. SME owners/natural person without salary:
   • **Cost calculations** based on „unit costs“ (hourly rate as agreed in the GA) => Commission decision

4. Persons without a work contract:
   • Costs are eligible under certain circumstances

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**Time-keeping records**
For employees who spend 100 % of their working time on the project, written confirmation is sufficient to confirm that they have worked exclusively on the project.
Costs for Subcontracting

**Subcontractors**
(calculcate the **customary price on the market** for their services)

- **Performance and estimated costs** are to be set out and agreed upon in the **GA** or
- Justified necessity and not foreseeable
- Best price-performance ratio or the lowest price
- Consideration of public procurement law, if applicable
Funding for non-project partners

„affiliated Third Parties“ can only report their own actual costs

• Name/assignment of the „Third Party“ must be agreed in the GA

• The „Third Party“ must be an associated enterprise (parent company/subsidiary company/affiliated company) of the participant or

• A legal link must exist with the project partner
Other direct costs

**Purchase of goods, works und services:**
- Best price-performance ratio or lowest price
- Public procurement law, if applicable

The **Value-Added-Tax (VAT)** is **eligible** provided that it will not be deductible.
Certificate on the Financial Statements
• Only for funding ≥ 325,000 EUR
  Calculation of the quantitative threshold values incl. unit costs of personnel costs; lump sums, flat rates and other unit costs are not taken into consideration.
• Are to be submitted only once at the end of the project

Audit
• Possible within two years after „Balance Payment“
• A maximum 7% of the participating organisations
Ownership of the project results

- **Project results** are the property of that participant who generated them.

- In cases of „Joint Ownership“ => Default provision
Right of Access in general:
- **Associated companies** (parent, subsidiary and affiliated companies) have the **right of access**
- Certain **Right of Access** for EU institutions, MS/AC
Liability

• The Consortium is collectively responsible with regards to the project content and implementation.

• **NO financial joint and several liability** (Guarantee fund)
Scientific (peer-reviewed) publications:
• Open Access as a basic principle („green“ or „gold“)
• No “obligation to publish“!
• beneficiary must aim to deposit research data needed to validate the results
• ensure open access at the latest:
  1) on publication, if an electronic version is available, or
  2) within six months of publication (12 months for publications in the social sciences and humanities
• OA costs are eligible for the duration of the project.
Research data:

- Pilot “open Research Data Pilot“
- GA regulates the details.
- Legitimate interests of the project partners, data protection, security considerations and protection of intellectual property are to be taken into consideration.
Further information

Horizon 2020 Webpage (EC)
http://ec.europa.eu/programmes/horizon2020/

Reference documents (eg. RfP, Model GA, manuals aso):

Participant Portal

Legally binding information can only be issued by the European Commission.