



Model Grant Agreement

Legal and Financial Issues

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1. Structure of the grant agreement
2. Costs:
 - a) Forms of costs
 - b) Personnel costs
 - c) Infrastructure
 - d) Indirect costs
3. Third parties
4. Receipts
5. Reporting
6. Payments
7. Controls and audits
8. Annex I - Description of Action
9. IPR & dissemination

1. Structure of the GA

FCH 1 GA

- Core part: GA parameters
- Annex 2 : General Conditions
- Special clauses
- Annex 1: DoW
- Annex 3 (form A): accession
- Annex 4(form B): new beneficiary accession
- Annex 5 (form C): financial statements
- Annex 6 (form D and E):
 - Form D: terms of ref. CFS
 - Form E: terms of ref. for cert. on methodology

FCH 2 GA

- GA
- Annex 1: Description of the action
- Annex 2:Estimated budget
- Annex 3: Accession Forms, 3a & 3b
- Annex 4:Financial statements
- Annex 5: terms of ref. CFS
- Annex 6: terms of ref. for cert. on methodology

1. Structure of the GA

H2020 Grant Agreement

Chapter 1: General

- Single article: subject of the agreement

Chapter 2: Action

- Action, duration and budget

Chapter 3: Grant

- Amount, reimbursement rates, eligible costs

Chapter 4: Rights and obligations

- To implement the action: resources, in-kind contributions, subcontracts
- Grant administration: reporting, payments, audits
- Background and results: access rights, protection of results, exploitation, dissemination
- Others: gender equality, ethics, confidentiality

Chapter 5: Division of roles

- Roles and responsibilities, internal arrangements

Chapter 6: Rejection, reduction, penalties, termination, etc

- Rejection, reduction, recovery and penalties
- Suspension and termination of the action

Chapter 7: Final provisions

- Accession, entry into force, amendments, applicable law

2.a. Forms of costs

Actual costs

- Costs actually incurred, identifiable and verifiable, recorded in the accounts, etc.

- **NEW:** non-deductible VAT paid is also eligible

Unit costs

- A fixed amount per unit determined by the Commission.
Example: SME owners' unit cost
- For average personnel cost (based on the usual accounting practices)

Flat rate

- A percentage to be calculated on the eligible costs
Example: Indirect costs = 25 % Direct costs

Lump sum

- A global amount to cover one or several cost categories
Example: Phase 1 of the SME instrument

2.a. Forms of costs and budget categories

FORMS OF COSTS	BUDGET CATEGORIES					
	DIRECT COSTS				INDIRECT COSTS	SPECIFIC CATEGORIES OF COSTS
	Personnel	Sub contracting	Financial support to 3rd parties	Other		
Actual costs	✓	✓	✓	✓	✗	✓
Unit costs	Yes for - Average personnel costs - SME owners & natural persons without a salary	✗	✗	✗	✗	Yes if foreseen by Comm. Decision
Flat-rate costs	✗	✗	✗	✗	✓	✗
Lump sum costs	✗	✗	✗	✗	✗	Yes if foreseen by Comm. Decision

2.b. Personnel costs: overview

• CALCULATING PERSONNEL COSTS

UNIT COSTS

ACTUAL PERSONNEL COSTS

Calculation method
defined in the model
GA

Calculated by the
beneficiary in accordance
to its usual accounting
practices

(Average personnel costs)

Fixed by the Commission

for the owners of SME
beneficiaries without a
salary and natural
persons without a
salary

2.b. Personnel costs: novelties

✓ **Less requirements for time records**

Example: No time records for researchers working exclusively on the project.

✓ **Wider acceptance of average personnel costs**

Broadening the acceptance of usual cost accounting practices (including cost-centre approaches) as unit costs.

✓ **Acceptance of additional remuneration**

- *Limited to non-profit legal entities*
- *Up to 8000 Euro/year/person working full-time exclusively in the action*
- *Subject to specific conditions*



2.b. Actual personnel costs: structure

TOTAL REMUNERATION

Standard remuneration

**Basic
Salary**



"Mandatory extras"

- Fixed by law or by contract to remunerate the main activity of the employee
 - Payment not subject to discretion by the employer
 - Not linked to a specific project
- Examples: 13th month, hazardous work allowance, etc.

Additional remuneration

Other bonuses



- Only eligible for non-profit legal entities
- If usual and consistent practice (max 8000 €/year + pro-rata)
- Maybe triggered by the participation in a specific project

Hourly rate

2.b. Actual personnel costs: calculation

$$\text{Actual Personnel Cost} = \text{Hours worked for the project} \times \text{Hourly rate}$$

where

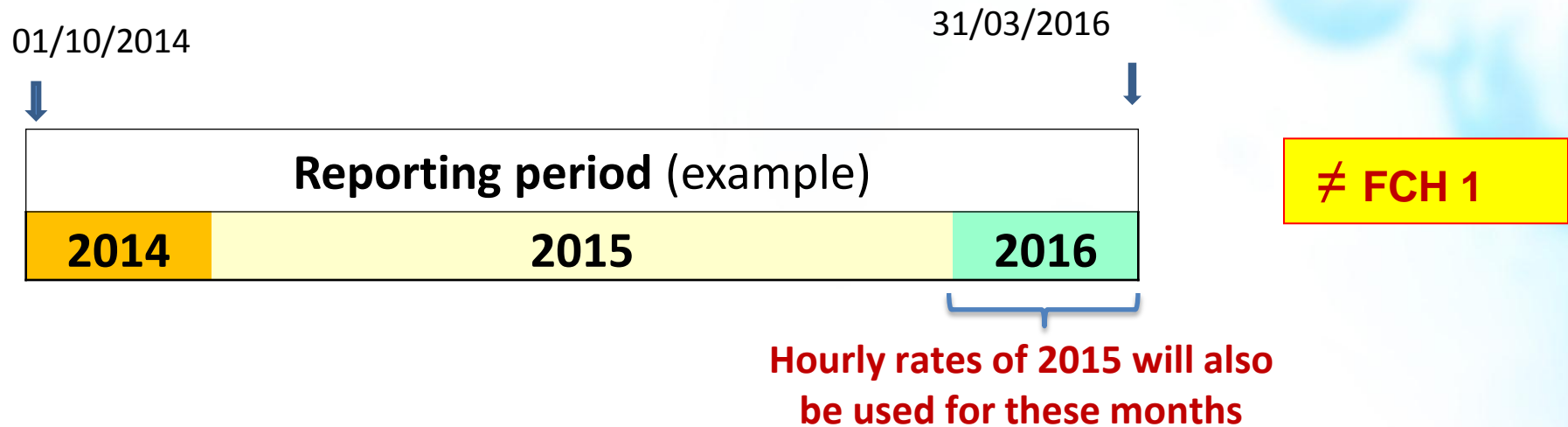
$$\text{Hourly rate} = \frac{\text{Annual personnel costs}}{\text{Annual productive hours}}$$

IDEM FCH 1

- ➔ The hourly rate is to be calculated per financial year
- ➔ If the financial year is not closed at the time of reporting, the beneficiary must use the last closed financial year available.

2.b. Actual personnel costs: calculation

Use of the last closed financial year



ADVANTAGES FOR THE BENEFICIARIES

- ➡ NO ADJUSTMENTS TO BE DECLARED IN THE NEXT PERIOD
- ➡ LEGAL CERTAINTY: NO DOUBTS ABOUT WHAT PERIOD AND WHAT DATA MUST BE USED FOR THE CALCULATION
- ➡ REMOVES ERRORS DUE TO INCORRECT CALCULATIONS FOR FRACTIONS OF A YEAR

2.b. Actual personnel costs: annual productive hours



1720 hours

Individual annual productive hours

- Formula: annual workable hours + overtime - absences

Standard annual productive hours

- According to the beneficiary's usual accounting practices; Minimum threshold: annual productive hours $\geq 90\%$ of the standard workable hours

- Unit of costs as a proxy for salary

- For this call, annual amount =

55.800 euros/year multiplied by country coefficient

http://ec.europa.eu/research/participants/data/ref/h2020/wp/2014_2015/main/h2020-wp1415-msca_en.pdf p. 52

- For the rest general rule (option 1) applies

- Hourly rate = divide annual amount by 1720
 - Charge the numbers of hours worked in the project
 - The maximum number of hours is 1720/year

– Conditions

1. Consistent practice
2. Does not include ineligible costs
3. As a general principle based on actual costs
4. Budget element can be accepted if
 1. Limited
 2. Used in relevant and reasonable way
 3. Correspond to objective and verifiable information
 - Ex: calculating average 2015 hourly rates by using 2014 payroll data + indexation

– For the rest, the general rule applies

2.c. costs of large research infrastructures

The capitalised & operating costs of LRI directly used for the action if:

- *Research Infrastructure according to FP art. 2(6)*
- *20M€ (large)*
- *75% (research as the core business)*
- *Ex-ante positive assessment (legal certainty)*

*Guidelines: included in the Annotated MGA
(pages 83 - 95)*

2.d. indirect costs: a single flat rate

➤ Identification of IC : a single model (25% flat rate)

- Important simplification
- Reduces error and need of control

➤ The funding rate applies also to indirect costs:

1. $(\text{Direct Costs} * 1,25) * 100\%$

- All beneficiaries in research projects
- Non profit beneficiaries in innovation actions

2. $(\text{Direct costs} * 1,25) * 70\%$

- For profit beneficiaries in Innovation actions

3. Third parties and other sensitive relations

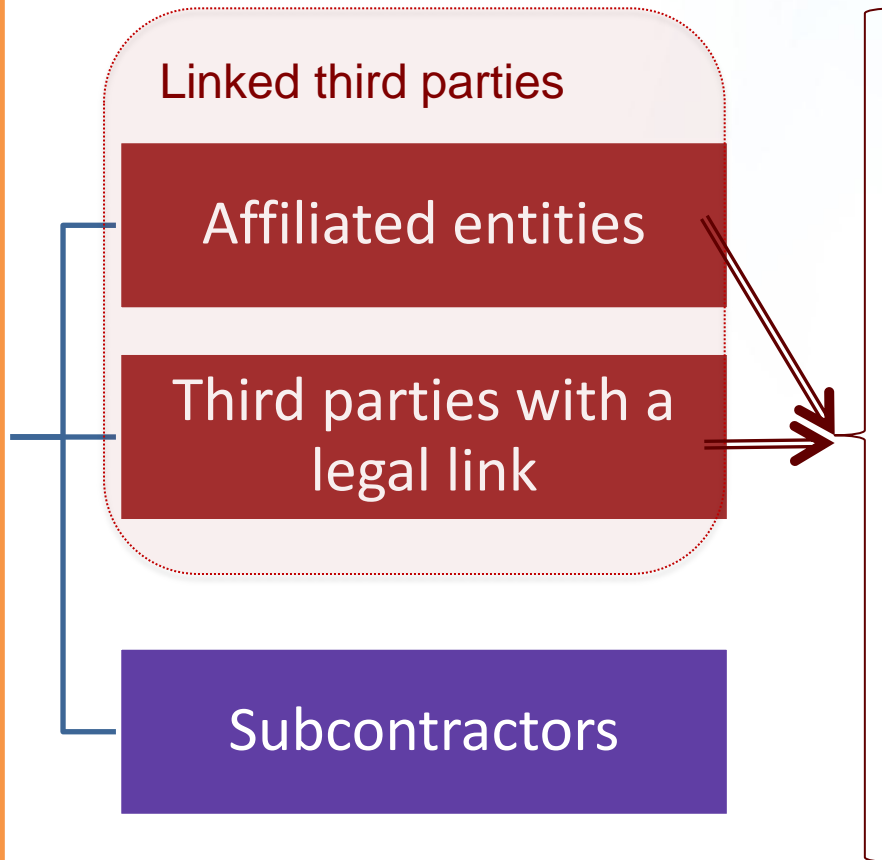
➤ Same principles

➤ But:

1. Change in vocabulary
2. Tiny evolutions of the rules
3. One novelty (not applicable for this call)

3.1 Third Parties: carrying out work in the action

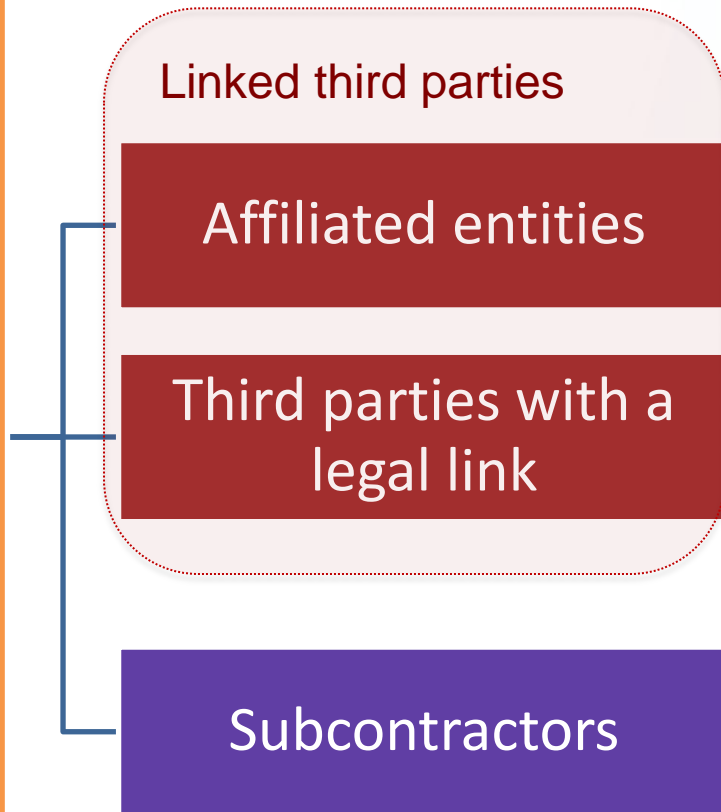
Beneficiary



- Equivalent to FCH 1 Special Clause 11
- Must be identified in the GA
- Same cost eligibility criteria than beneficiaries
- ⚠ **NEW:** COM, Agency, FCH may request them to accept joint and several liability for their EU contribution
- **Article 14** MGA

3.2 Third Parties: carrying out work in the action

Beneficiary



- Ensure best value for money and avoid any conflict of interests
- Estimated costs and tasks must be identified in the budget and Annex 1
- **⚠ NEW:** if not identified in Annex 1, FCH JU may still approve them (beneficiary bears the risk of rejection)
- **Article 13 MGA**


3.3 Third Parties: Contracts and contributions in kind

Beneficiary

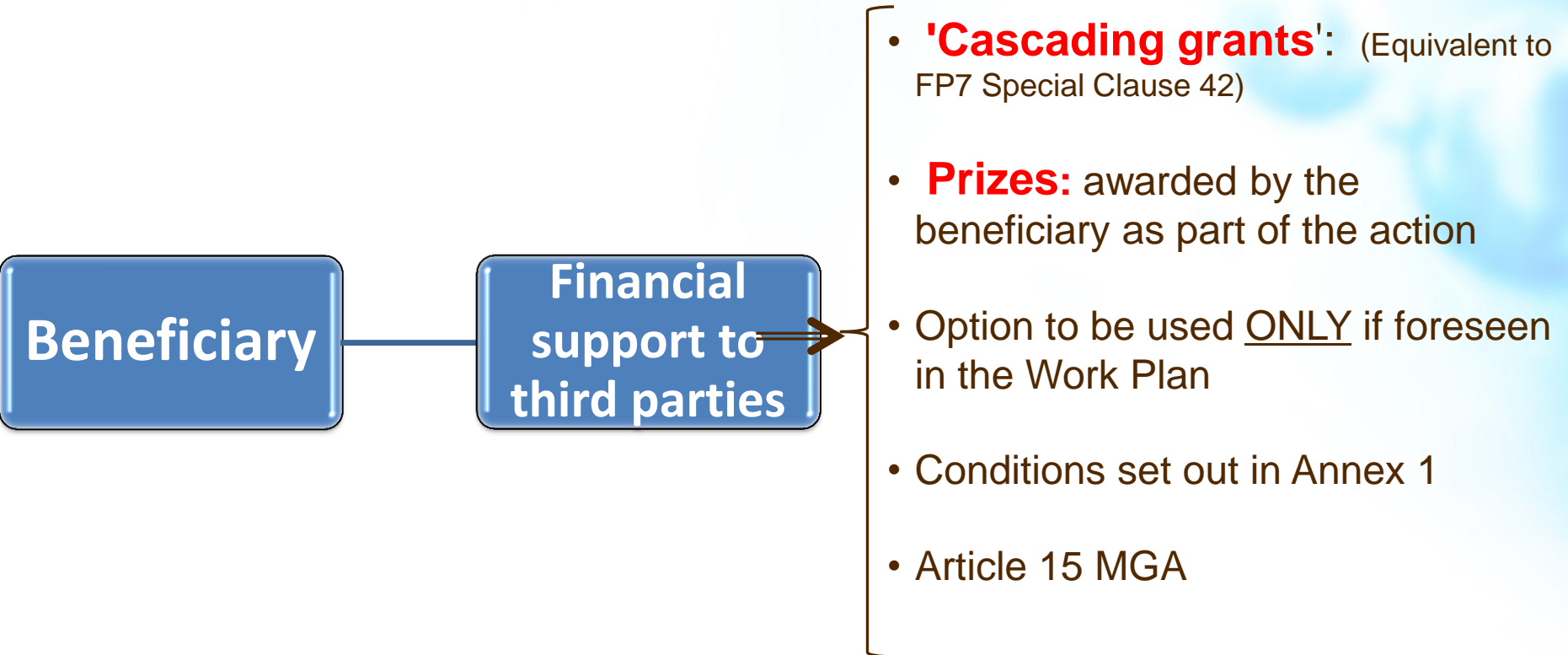
Contracts
necessary for the
implementation

- For the purchase of goods, works or services
- = FCH1 purchase of equipment
- Ensure best value for money and avoid any conflict of interests
 - Depreciation and percentage of use
- Article 10 MGA

Contributions in kind

- Free of charge or against payment are eligible costs if they meet the eligibility conditions
- =FCH1 “Third party making available resources”.
- Must be set out in Annex 1
-  NEW: if not identified in Annex 1, FCH JU may still approve them (beneficiary bears the risk of rejection)
- Articles 11 & 12 MGA

3.4 Third Parties: Financial support



4. Receipts

IDEM FCH 1

Income generated by the action
(except for action's results)

Income generated from the sale of
assets purchased in the GA

Receipts

In-kind contributions:
-specifically for the action
-received free of charge

Financial contributions specifically
assigned by
the donors to finance
the eligible costs



No-profit rule applied at project level, not per beneficiary!

Need to be mentioned:

- ✓ in the DoA – section 3.5
- ✓ in the periodic/final reporting

5. Reporting: periodic report

Periodic report

⇒ To be submitted by coordinator 60 days after end of the reporting period

Periodic Technical Report

- ✓ overview of progress of the work
- ✓ summary for publication
- ✓ Updated plan for the exploitation and dissemination of results (including any additional activities already performed)
- ✓ questionnaire

Periodic Financial Report

- ✓ use of the resources and
- ✓ Financial Statement (individual & summary) – receipts to be mentioned
- ✓ **No CFS**

Final report

⇒ To be submitted by coordinator 60 days after end of last reporting period



Final Technical Report

- ✓ overview of results and their exploitation & dissemination
 - ❖ To include: updated additional activities performed
- ✓ summary for publication
- ✓ conclusions and socioeconomic impact



Final Financial Report

- ✓ Summary Financial Statement
- ✓ Certificate on Financial Statement (if needed)

6. Payments

	Time-to-Pay	From
One Pre-financing	30 days	The latest between starting date and entry into force
→ Retention 5 % of maximum grant for the Guarantee Fund		≠ FCH 1
Interim Payments	90 days	From reception of periodic report
→ Based on financial statements (EU contribution= eligible costs approved * reimbursement rate)		
→ Limit = 90 % of the maximum grant (Retention 10%)		≠ FCH 1
Payment of the Balance	90 days	From reception of final reports

Financial viability

- ⇒ Most beneficiaries exempt from detailed analysis; only systematic **check for coordinators** when requested EU funding for the project is \geq EUR 500 000

≠ FCH 1

Certificates

- ⇒ **Certificate on the financial statements:** **Only for final payments** when total EU contribution claimed by the beneficiary on the basis of actual costs + unit costs for average personnel \geq EUR 325.000 (⚠ excluding e.g. flat rates !)
- ⇒ **Certificate on the methodology:** Optional for average personnel costs (now under unit costs)

7. Controls and audits: ex-post

Ex-post audits

- Audits of the Commission/FCH JU limited to **two years** after the payment of the balance

Extension of audit findings

- Former "extrapolation" (FP7) now included in the MGA
- In the case of systemic or recurrent errors, irregularities, fraud or breach of obligations

Part B - Table of content:

1. Excellence:

- 1.1 Objectives
- 1.2 Relation to the work programme
- 1.3 Concept and approach
- 1.4 ambition

2. Impact:

- 2.1 Expected impacts
- 2.2 Measures to maximise the impact
 - (1) dissemination and exploitation of results
 - (2) communication activities



3. Implementation:

- 3.1 Working plan
- 3.2 management structures and procedures
- 3.3 Consortium as a whole
- 3.4 Resources to be committed
- 3.5 Receipts

Detailed instructions
for filling in to be
followed

4. Members of consortium:

- 4.1 Participants
- 4.2 consortium
- 4.3 Third parties involved in the project
- 4.4 if applicable] Financial support to third parties



5. Ethics and Security:

- 5.1 Ethics
- 5.2 Security

10. IPRs, exploitation and dissemination

- Same principles:
for: ownership, protection, exploitation & dissemination
- But:
 1. Evolution of vocabulary:
 - Background
 - **Results** (instead of foreground)
 - Access rights
 - **Exploitation** (instead of use)
 - Dissemination
 2. Some novelties:
 - **Open access**
 - **Access rights**

10. IPRs, exploitation and dissemination

Results:

any tangible or intangible output of the project, including any attached rights.

Exploitation:

use of results (i) in further research; (ii) in developing, creating, or marketing products, services or processes, or (iii) in standardization activities

Dissemination:

public disclosure of results by any means, including by scientific publications

Access rights:

rights to use results or background

1. Open access to publications:

(art 29.2 MGA)

- Obligation to provide open access to scientific **publication** through the deposit in a repository;
 - Open Access Infrastructure for Research in Europe: www.openaire.eu
- The obligation extends to the **bibliographic metadata**.

Bibliographic metadata must include:

- The terms “**Fuel Cells and Hydrogen 2 Joint Undertaking**”, “**European Union**” and “**Horizon 2020**”
- The **name of the action**, **acronym** and **grant number**
- The **publication date**, and **length of embargo period** if applicable
- A **persistent identifier**

2. Access rights:

2.1 Access rights of affiliates:

- ❑ **For *background* (art 25.4) and for *results* (art. 31.4)**
 - Under ‘fair and reasonable conditions’
 - Granted to the affiliates, if necessary for those entities to exploit the results owned by the beneficiary to which they are affiliated
 - Request to be made directly to the beneficiary that holds the background
 - Can be suppressed by consortium

2.2. Access rights of the EU institutions:

- ❑ **For *results* (art. 31.5)**
 - For developing or implementing EU policies/programmes
 - Royalty-free, non exclusive, limited to non-commercial / non-competitive use

ADDITIONAL INFO:

Participant Portal

At: <http://ec.europa.eu/research/participants/portal/desktop/en/home.html>



Horizon 2020 Documents

http://ec.europa.eu/research/participants/portal/desktop/en/funding/reference_docs.html



Horizon 2020 On-line Manual

<http://ec.europa.eu/research/participants/portal/desktop/en/funding/guide.html#>



Questions? *Research Enquiry Service*

<http://ec.europa.eu/research/enquiries>