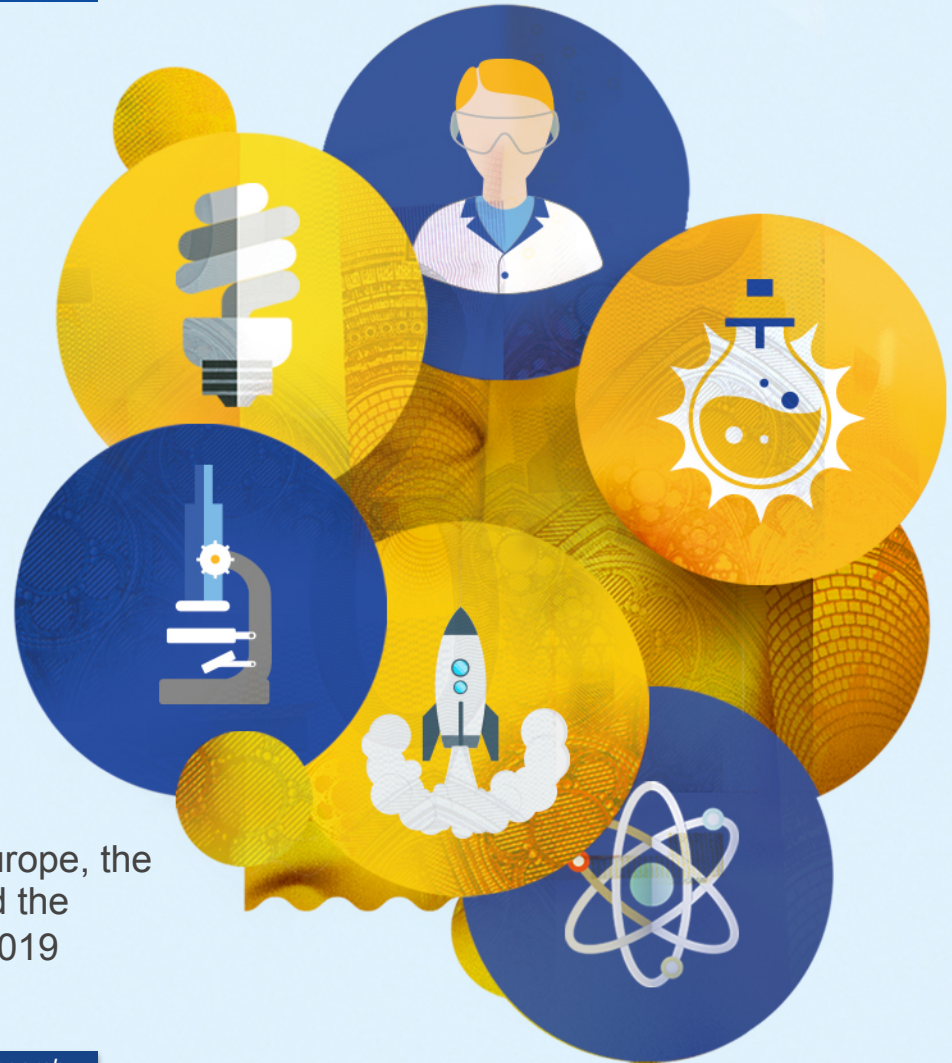


Horizon Europe

THE NEXT EU RESEARCH & INNOVATION
INVESTMENT PROGRAMME (2021 – 2027)

#HorizonEU

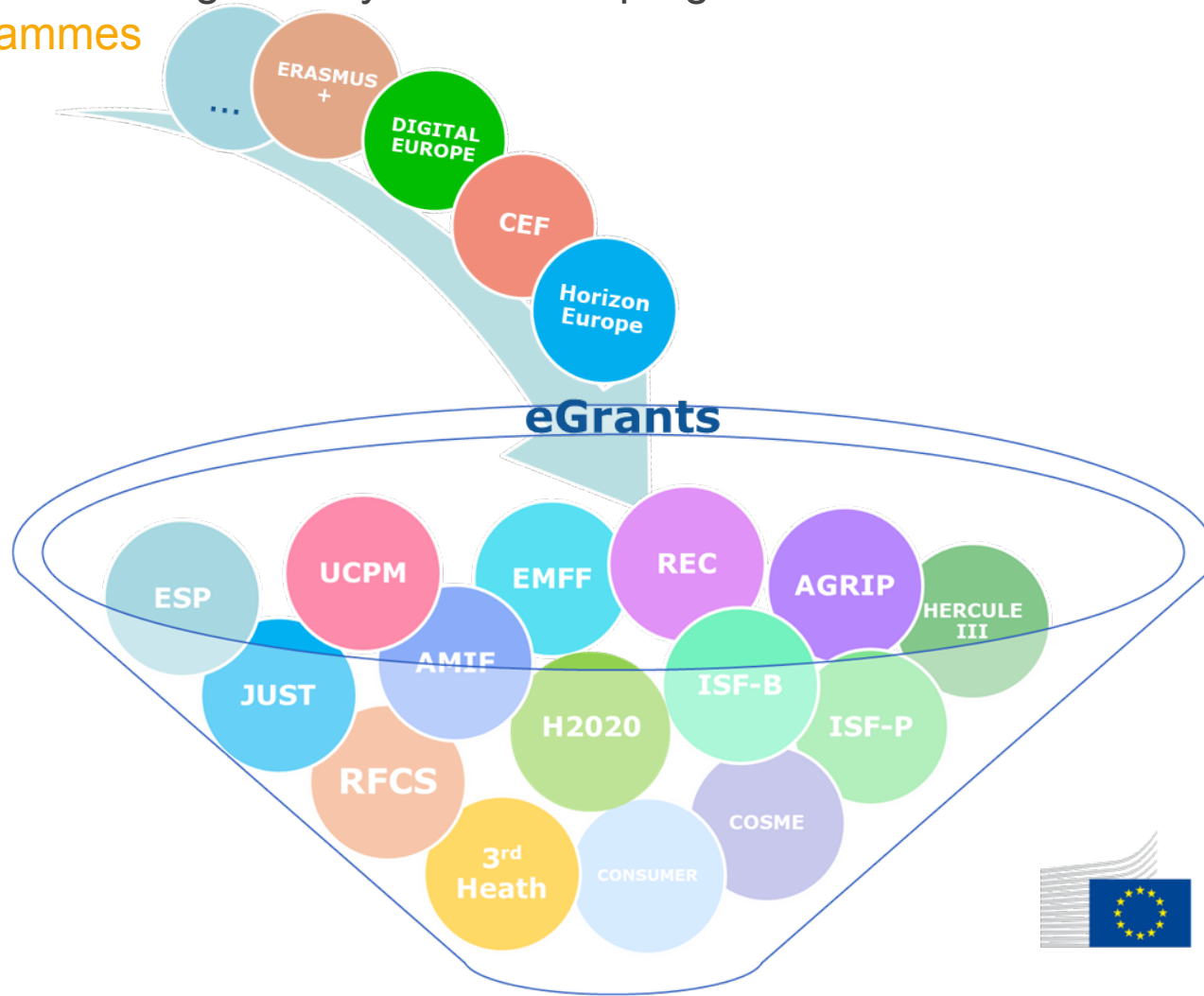
Based on the Commission Proposal for Horizon Europe, the common understanding between co-legislators and the Partial General Approach, both approved in April 2019



Horizon Europe - Model Grant Agreement

A bit of background...

- **Numerous** Model Grant Agreements (MGAs):
paper-based or **electronically-managed ('eGrants')**
- **eGrants** serving already for several programmes + to **serve for other programmes**



Objectives

Harmonisation & standardisation

- Harmonise the contractual models and guidance for all post-2020 programmes
- Build on the standardisation of post-2020 basic acts

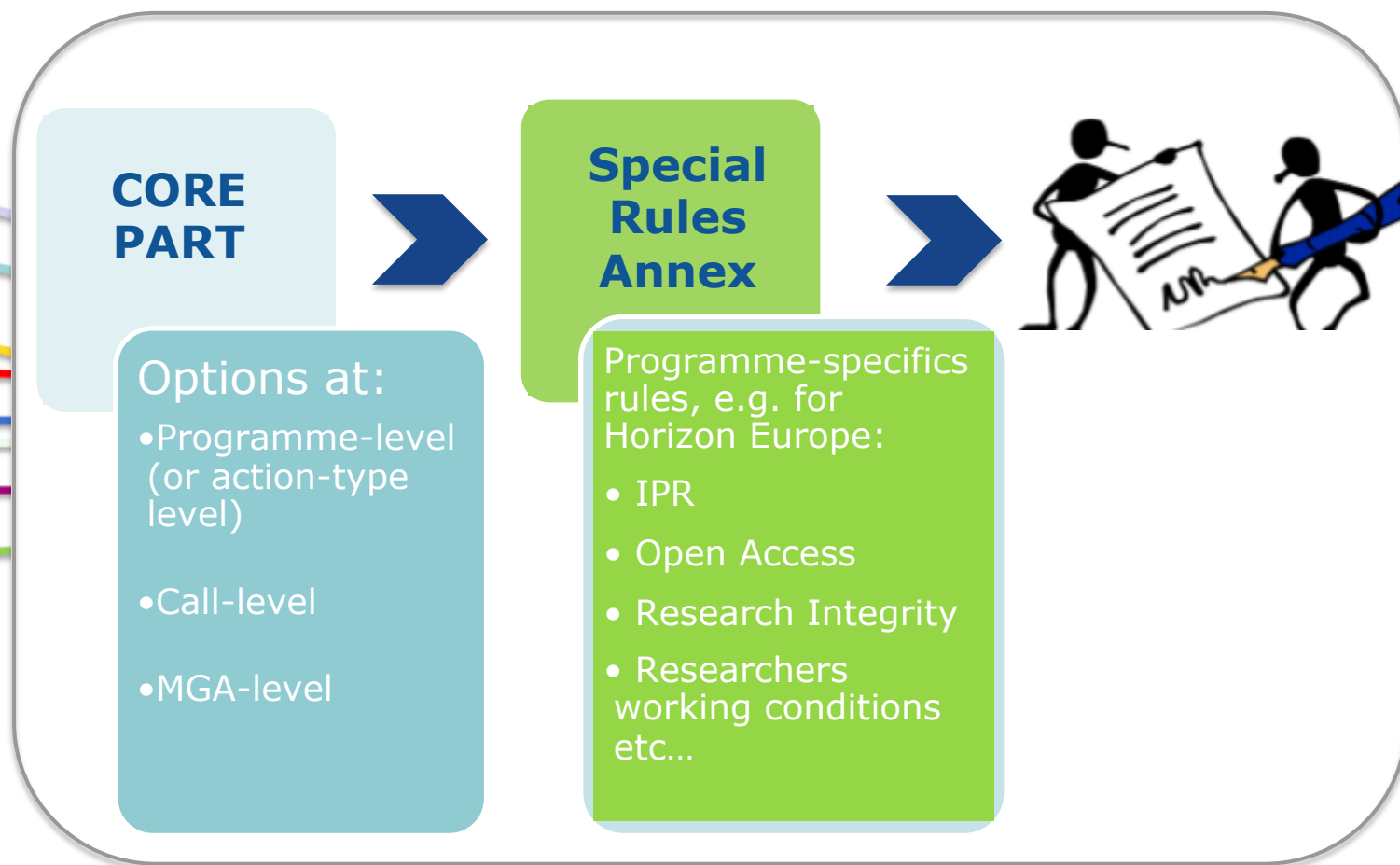
Consistent interpretation

- Use the same terminology across programmes
- Ensure uniform and consistent interpretation of rules
- Allow equal treatment of beneficiaries
- Create synergies between programmes

Integration of programme specifics

- Allow for encompassing the specifics of programme
- Specific options and specific annex with 'special rules'

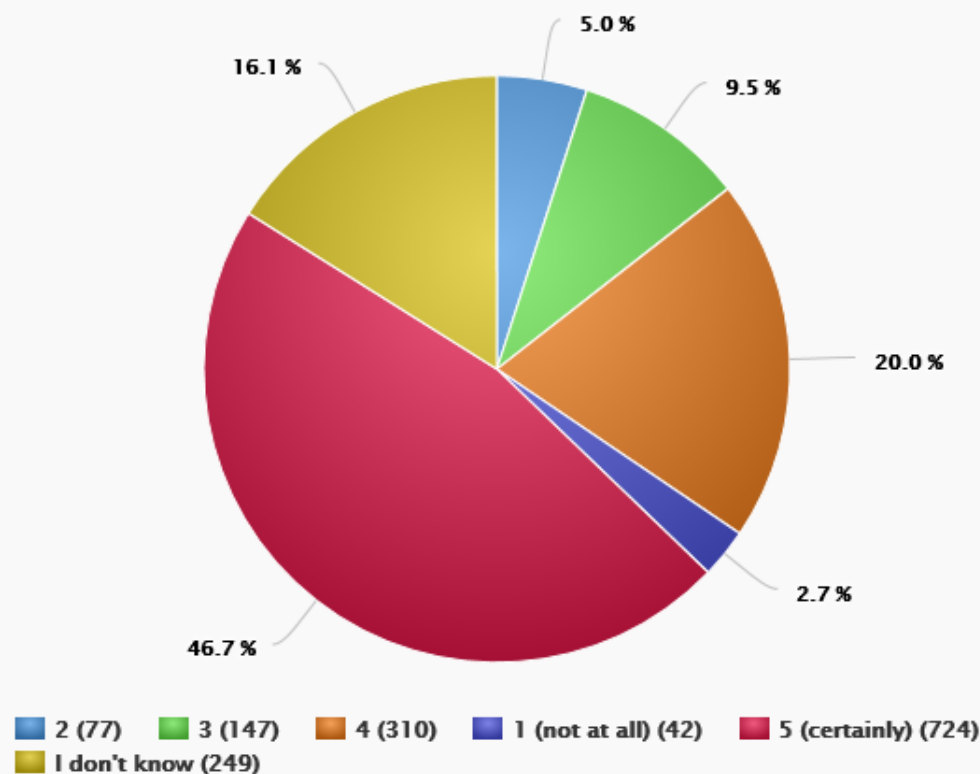
Structure



Your contribution to Horizon Europe Co-design

Results of the on-line consultation – all respondents

3.1. Would the use of the same standard Model Grant Agreement for all EU directly managed funding programmes facilitate synergies between them?



SYNERGIES?

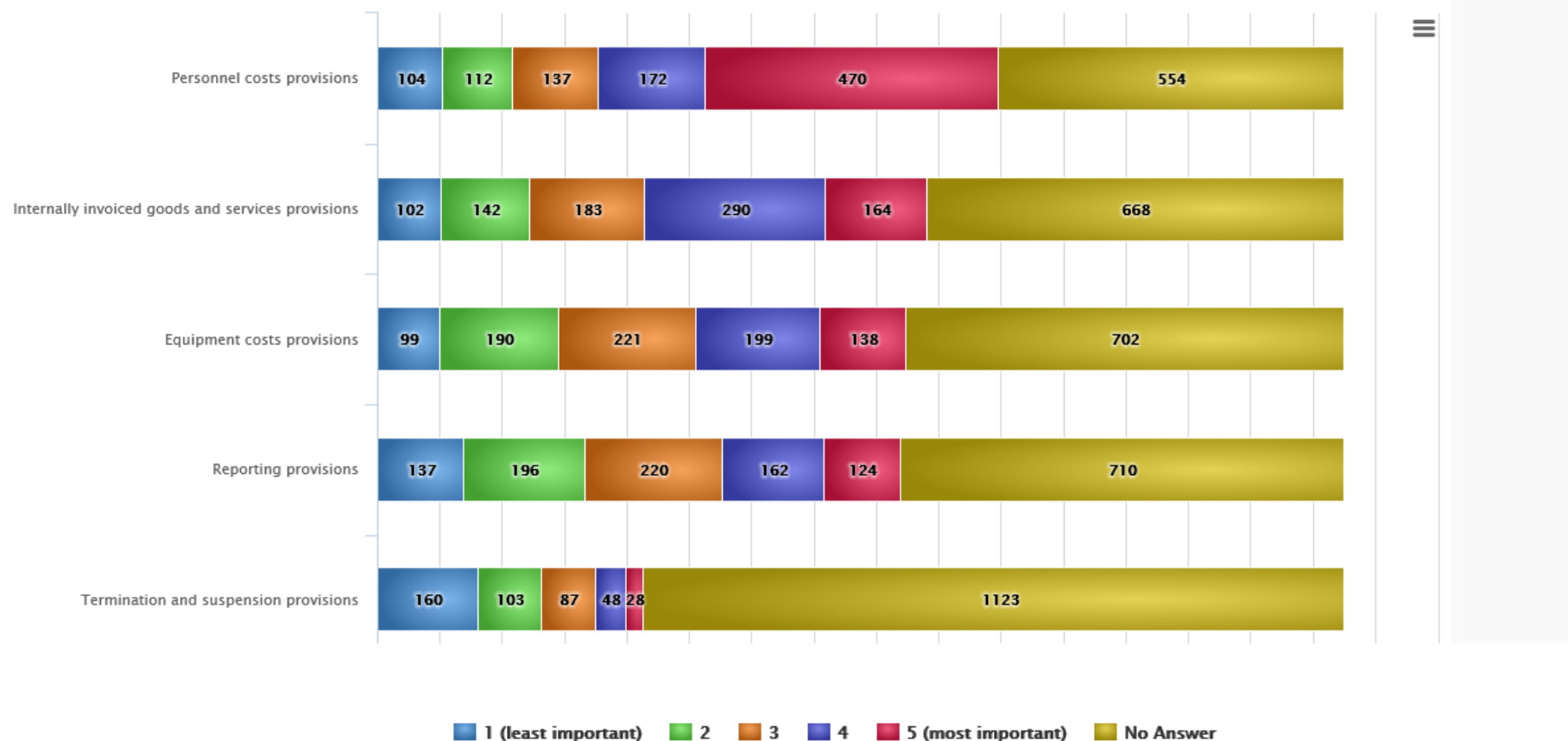
- Bringing together money from different EU programmes in the same project
- Providing funding from alternative sources for successful proposals which could not be funded due to insufficient call budgets
- Funding complementary or successive projects

Based on 1549 respondents

Your contribution to Horizon Europe Co-design

Results of the on-line consultation – all respondents

3.2. Which provisions in the current Horizon 2020 Model Grant Agreement should be revised? (rank your top 5 provisions by order of preference)



Based on 1549 respondents

Horizon Europe - Personnel costs

The situation today...

Actual personnel costs (general case): H2020 Calculation



Hours worked

Hourly rate



EUR/hour

$$\text{Hourly rate} = \frac{\text{Personnel costs}}{\text{Productive hours}}$$

Annual hourly rate
Hourly rates calculated per full financial year

Monthly hourly rate
Hourly rates calculated per month

Annual personnel costs
Annual productive hours

Monthly personnel costs
Monthly productive hours

Annual productive hours

1720 hours

Advice ⚠️ you must use this option if the employment contract does not specify the working time conditions or if the "annual workable hours" cannot be determined

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 ≥ 90 % of the standard annual workable hours

In principle, same option must be applied to all personnel working in H2020 actions.

However, possibility to use different options for different types of personnel (at least per group of personnel employed under similar conditions)

The same option(s) must be kept for the full financial year. It can only change its option(s) for the next financial year.

Monthly productive hours

1/12 of 1720 hours

you must use this option if the employment contract does not specify the working time conditions or if the "annual workable hours" cannot be determined

1/12 of Standard annual productive hours

• According to the beneficiary's usual accounting practices. Minimum threshold: annual productive hours ≥ 90 % of the standard annual workable hours

Annual hourly rate specificities

Annual personnel costs
Annual productive hours

⚠️ The annual hourly rate is to be calculated **per full financial year**

If the financial year is not closed at the time of reporting, the beneficiary must use the hourly rate of the last closed financial year available.

01/10/2014

31/03/2016

Reporting period (example)

2014

2015

2016

Hourly rate of 2014

Hourly rate of 2015

Hourly rate of 2015 also for these months

Possibility to change option

- for the next financial year
- for all personnel in all its H2020 grants.

Monthly hourly rate specificities

Monthly personnel costs
Monthly productive hours

One hourly rate **per each month the person works in the action**

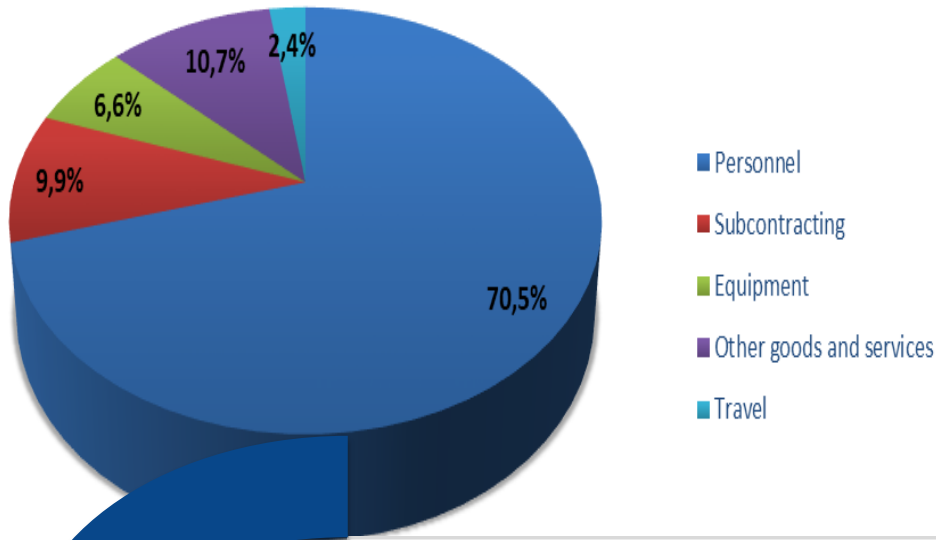
⚠️ **Thirteen salary** (and similar) included in each month "pro-rata"; not in full in the month when they are paid.

⚠️ **Time spent in parental leave** cannot be deducted from the monthly productive hours. However, personnel costs incurred during parental leave may be charged in proportion to the time the person worked for the action.



European Commission

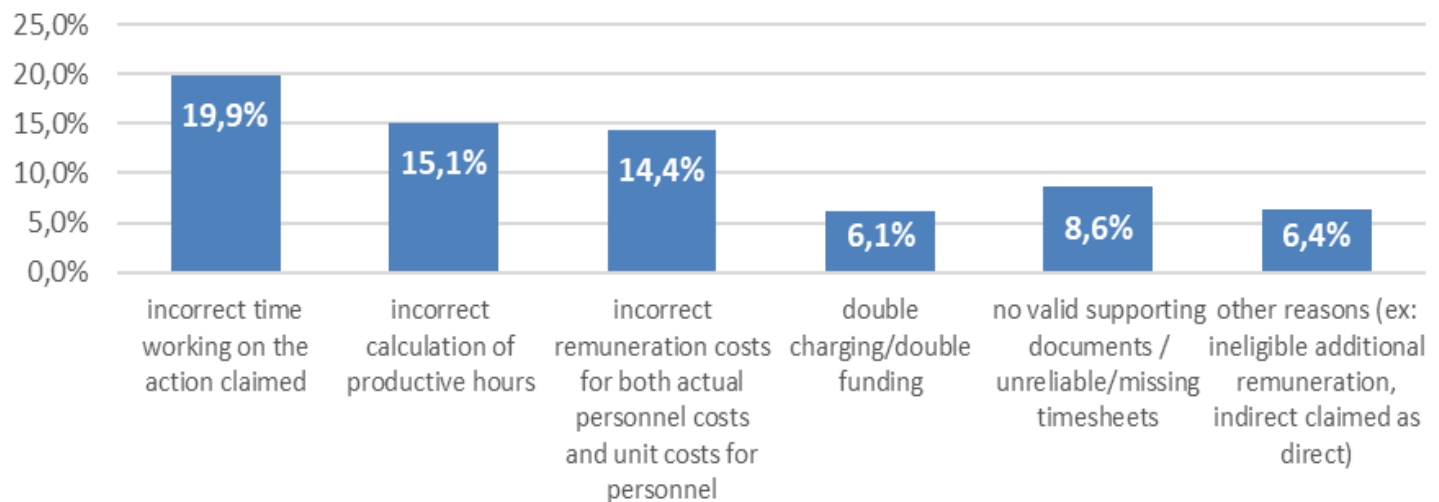
Percentage of errors identified in H2020 ex-post audits leading to adjustments in favour of the EU budget



... and its consequences

Percentage of type of error in personnel costs

(breakdown of 70,5%)



Towards a future corporate approach

Current EU Programmes landscape with two main calculation systems:
Daily rate or **Hourly rate**



1 – The equation to solve


$$f(x) = a + b + c + d + e + f + g + h + i + j + k + l + m + n + o + p + q + r + s + t + u + v + w + x + y + z$$

How best to address the personnel costs calculation in a corporate context.

2 – The equation (mutually exclusive?) parameters

- Simplification
- Synergies
- Legal certainty
- Equal treatment
- Auditability
- Understandability of the rule
- Beneficiary's usual cost accounting practices
- Actuals costs reconciliation
- Direct measurement
- Continuity/Stability
- Transition period
- Harmonisation

The situation tomorrow...



Corporate approach

Daily rate



Days worked



$$\text{Daily rate} = \frac{\text{annual personnel costs for the person}}{215}$$



Days worked = Monthly declarations instead of time sheets

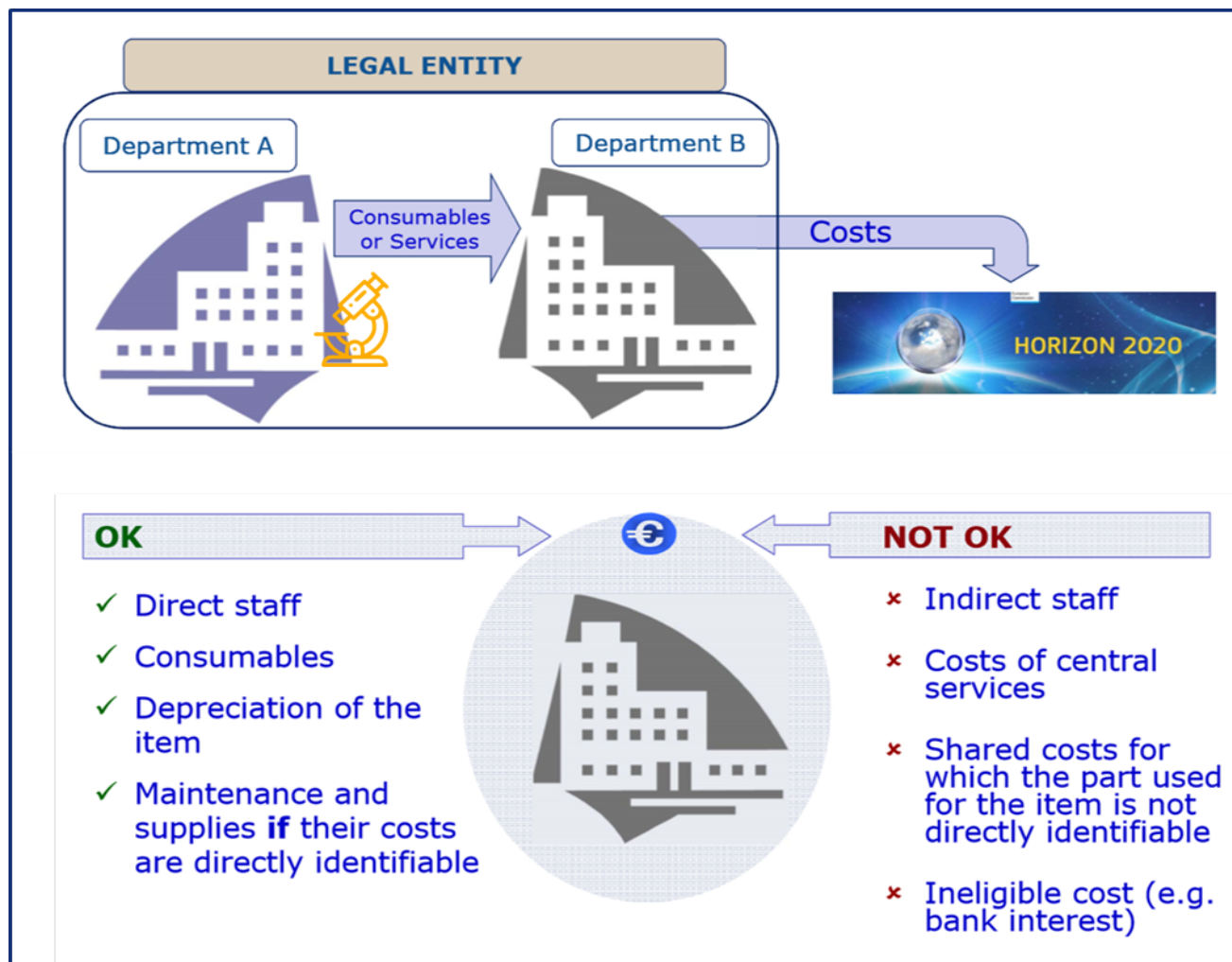
Project-based remuneration (Art 32 RfP)

Similar rules as in H2020 but with the following **simplifications**:

- ✓ Current AGA explanations about **‘National Projects Reference’** incorporated in the MGA (for clarity and legal certainty)
- ✓ **No more** obligation to have paid **at least once** a project-based remuneration **before the submission of the HE proposal**
- ✓ **If not** applicable national law or internal rules, **simpler and more flexible ‘fall-back’ option**:
 - average remuneration of the person **over the reporting period** (excluding remuneration paid for work in Horizon Europe grants)
 - possibility to go back to **the most recent** financial year in which the person did not work exclusively in HE actions

Horizon Europe - Internal invoices unit cost

The situation today...

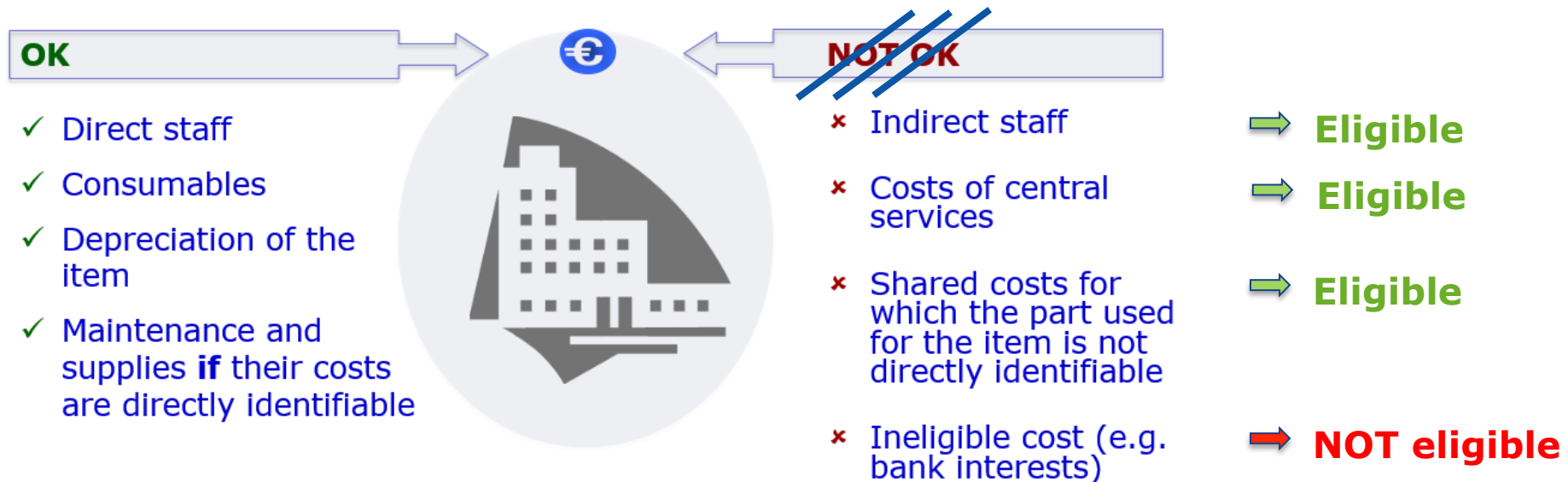


The situation tomorrow...

Wider reliance on beneficiary's usual cost accounting practices (Art 31 HE RfP).

Possibility to accept actual indirect costs allocated via key drivers in the unit cost, **if beneficiary's usual cost accounting practices!**

No application of the 25% flat-rate on top of the unit cost



Horizon Europe - Equipment costs

Continuity and further clarity...

Continuity

Depreciation costs are **by default** eligible.

By exception, full costs may be eligible.

Further clarity

Optional provisions addressing the specific case of **assets under construction (e.g. prototype)** and their related **capitalised costs**:

- The **full construction costs** (typically the costs of the personnel involved in the construction of the prototype)
- The **full purchase costs** (typically any component, pieces of equipment bought for the prototype)



Thank you!

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<http://ec.europa.eu/horizon-europe>

I – What if a beneficiary is using the monthly declaration for days spent on the action?



What kind and what level of verifications are envisaged to check the reliability of this declaration, when performing audits afterwards?



Declarations must include (as a minimum):

- **title** and **number** of the action;
- beneficiary's **full name**,;
- **full name**, **date** and **signature** by the person working for the action. Declarations must be systematically signed at the end of each month and must confirm that the information is accurate and correct.
- **number of days** (minimum ½ day) worked for the action with at least month level granularity;
- **full name of supervisor** (hierarchical link), **date** and (electronic) **signature**;
- reference to the action tasks or work package described in Annex 1.



Information included in the declaration must match information in the HR records of the beneficiary



There should be no discrepancy between the declaration and the time recording system of beneficiaries, where available.

II – What if a beneficiary is using a time-recording system in hours (i.e. as usual time recording practices)?



What will be the acceptable conversion rules?

Two possibilities:

1. Either a conversion based on a fixed number of hours:

1 day-equivalent = 8 hours

2. Or a conversion based on the usual standard annual productive hours, if it is at least 90% of the workable time

Example:

Standard annual productive hours of the beneficiary = 1600

Standard annual workable hours of the beneficiary = 1720

$1720 \times 90\% = 1548 < 1600$

$1600/215 \Rightarrow 7.44 \text{ hours} = 1 \text{ day-equivalent}$

II – What if a beneficiary is using a time-recording system in hours (i.e. as usual time recording practices)?



When has the beneficiary to convert its hours into days-equivalent?

Each time that it calculates a daily rate.

For example at the time of reporting:

If a daily rate is calculated for year 2021, the beneficiary must convert into day-equivalents the total number of hours worked by the person on the action during 2021 altogether.