

Athens 2025: Advanced EU Funding & Project Innovation Camp

2 - 6 June 2025 Athens, Greece

06 June 2025

European Academy



Athens 2025: Advanced EU Funding & Project Innovation Camp

Day 1 – Monday, 2 June

Proposal Design & Strategy

- 09:00–09:30
Welcome & Opening
- 09:30–11:00
Introduction to EU Funding
- 11:00–11:30 Coffee Break
- 11:30–13:00
Crafting a Winning Proposal
- 13:00–14:00 – Lunch Break
- 14:00–15:30
Methodology and Work Plan
- 15:30–16:00 – Coffee Break
- 16:00–17:00
Designing Project Impact
- 17:00–18:00
Workshop: Developing a Project Concept
- 18:30 | Ham On Rye,
Klisovis 12, Athens

Day 2 – Tuesday, 3 June

PM² for EU Projects

- 09:00–10:30
PM² Fundamentals & Methodology
- 10:30–11:00 – Coffee Break
- 11:00–12:30
Governance, Lifecycle, and Initiation
- 12:30–13:30 – Lunch Break
- 13:30–14:50
Planning & Execution
- 15:00–15:30 – Coffee Break
- 15:30–16:30
Monitoring & Closure
- 16:30–17:30
- 18:00–20:00 | HAU,
Massalias 22, Athens
Panel Discussion - PM² for EU-funded projects
- 20:00–22:00 | Rooftop
Cocktail Reception

Day 3 – Wednesday, 4 June

Innovation Readiness & Ecosystems

- 09:00–10:00
Organisational Readiness for Innovation
- 10:00–11:00
Ecosystemize Your Project
- 11:00–11:30 – Coffee Break
- 11:30–13:00
Rethinking Project Success
- 13:00–14:00 – Lunch Break
- 14:00–15:30
IPR & Commercialisation 1
- 15:30–16:00 – Coffee Break
- 16:00–17:30
IPR & Commercialisation 2

Social Events

- 18:30 | Lykovrisi, Filikis
Etaireias Sq. 8, Athens

European Academy

Day 4 – Thursday, 5 June

Impact & Dissemination Strategy

- 09:00–10:30
Understanding Impact in EU Projects
- 10:30–11:00 – Coffee Break
- 11:00–12:30
Dissemination & Exploitation Plans
- 12:30–13:30 – Lunch Break
- 13:30–15:00
Workshop: Dissemination & Impact Plan
- 15:00–15:30 – Coffee Break
- 15:30–17:30 – Project
Showcases & Ideation Lab

Free Evening
No scheduled activities — an opportunity to explore the city or rest as you prefer.

Day 5 – Friday, 6 June

Financial Management & Audit Readiness

- 09:00–10:30
EU Financial Regulations
- 10:30–11:00 – Coffee Break
- 11:00–12:30
External Experts & Contracts
- 12:30–13:30 – Lunch Break
- 13:30–15:00
Financial Reporting Simulation Workshop
- 15:00–15:30 – Coffee Break
- 15:30–17:00 – Audit Preparation
- 17:00–17:30 – Wrap-Up & Final Reflections

- 17:30–19:00 | Ham On Rye,
Klisovis 12, Athens

Athens 2025: Advanced EU Funding & Project Innovation Camp

Sessions for Online Delivery

Friday, 13 June

- 09:30-11:00 CET
Managing Project Costs:
Direct & Indirect Costs

11:00-11:30 CET – Coffee Break

- 11:30-13:00 CET
Reporting Costs of External
Experts

Tuesday, 17 June

- 09:00-10:30 CET
The Erasmus +: 2021-2027

10:30-11:00 CET – Coffee Break

- 11:00 – 12:30 CET
Avoid Risks: Coordination
That Clicks – Meetings,
People & Partner
Communication in EU-
Funded Projects

12:30-13:30 CET – Lunch Break

- 13:30-15:00 CET
Mapping Your EU-Funded
Project to PM² Methodology

15:00-15:30 CET – Coffee Break

- 15:30-17:00 CET
Future of Work and Industry
4.0: Dr Bojan Lalić

Wednesday, 2 July

- 12:45-14:15 CET
Managing Project Costs:
Direct & Indirect Costs

14:15-14:45 CET – Coffee Break

- 14:45-16:15 CET
Reporting Costs of External
Experts

Friday, 4 July

- 16:00-17:30 CET
Innovation in Public &
Private Sectors

Tuesday, 8 July

- 09:00–10:30 CET
Innovation Leadership &
Change Management

10:30–11:00 CET – Coffee Break

- 11:00–12:30 CET
Industrial Transition
Strategies

12:30–13:30 CET – Lunch Break

- 13:30–15:00 CET
Creating Effective Cluster
Models

15:00–15:30 CET – Coffee Break

- 15:30–17:00 CET
Workshop: Strategic
Planning for Industrial
Clusters

Athens 2025: Advanced EU Funding & Project Innovation Camp Venue and Social Events Map

Venue: Titania Hotel, Panepistimiou 52

Social Events:

Day 1 18:30 | Ham On Rye, Klisovis 12

(6 min. from the venue)

Day 2 18:00–22:00 | HAU, Massalias 22

(13 min. from the venue)

Day 3 18:30 | Lykovrisi, Filikis Etaireias Sq. 8

(21 min. from the venue)

Day 5 17:30–19:00 | Ham On Rye, Klisovis 12

(6 min. from the venue)





KNOW YOUR PARTNER

THE EUROPEAN COMMISSION

EC as the principal
budget player of the
EU

Other players in EU
budget management

Financial principles of
the EU budget
management

Budget
Implementation
Methods and
Financing
Instruments

Controlling the EU
funded actions

Eligibility Criteria for
Funding





Methods of EU budget implementation

Direct management (Art. 62, FR)

- The EU budget is implemented directly by EC departments, the EU delegations, or EAs and other EU bodies (Art. 62)
- Evaluation Committee (Art. 150 FR)
- Guarantees may be requested by the applicants. (Art. 152)
- Instruments of Titles VII, VIII, IX, X and XII of FR

Shared management (Art. 62 and 63, FR)

- With Members States (national authorities participate in the organisation of the competitions, selection of projects and contract management)
- MSs share the control and audit obligations towards the EU budget
- EC monitors the management and control systems established in MSs
- the instruments for budget implementation shall be the ones provided for in sector-specific rules

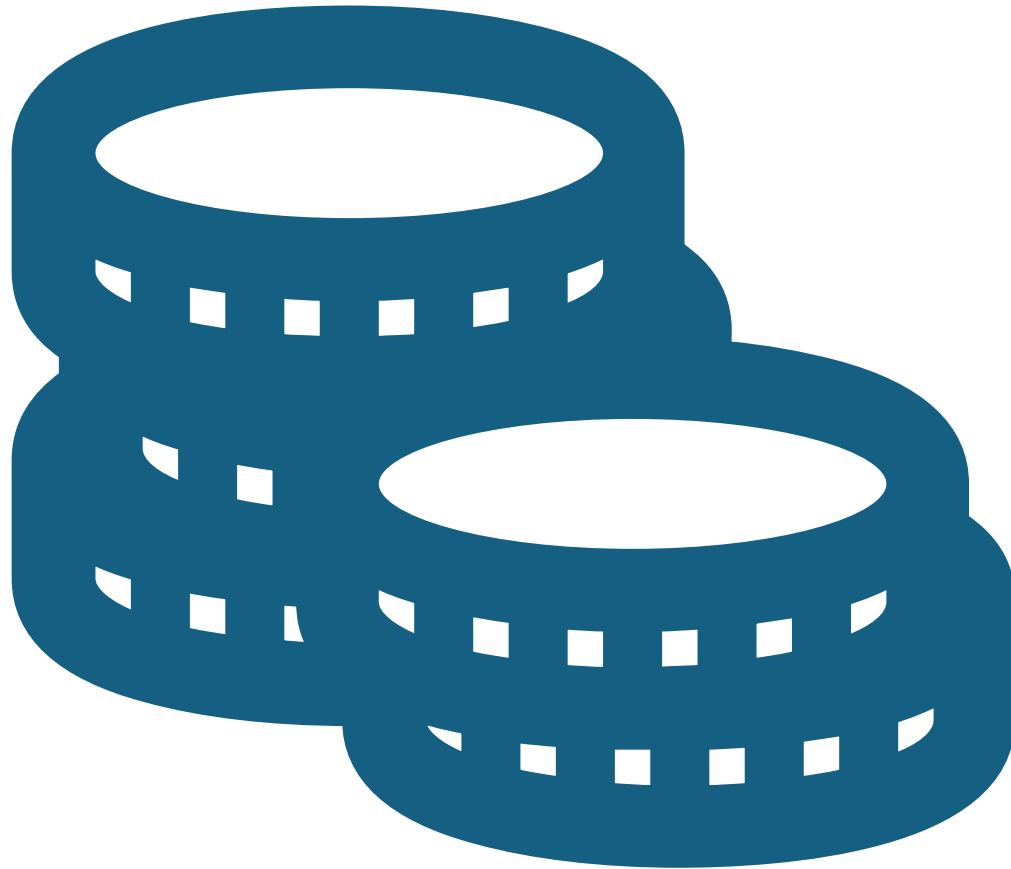
Indirect management (Art. 62 and Title VI, FR)

- apply the instrument of Title VI
- In the case of financial instruments and budgetary guarantees, Titles VI and X
- The implementing entities shall apply the instruments for budget implementation set out in the contribution agreement concerned.



Instruments of EU Funding

- **Grants** - Title VIII FR
 - Grants are based on the reimbursement of the eligible costs
 - Action / Operating Grants
- **Procurement** – Title VII FR
 - Public procurement is used by the Commission for the purchase of services and material necessary to the working of the European institutions.
- **Prizes** – Title IX FR
- **Financial Instruments** and **Budgetary Guarantees** – Title X FR
- Other – Title XII
 - Union Trust Funds
 - Support for 3rd countries
 - External experts



Forms of EU contributions Art. 125 FR

- Actual costs incurred
- Unit costs
- Lump sums
- Flat-rate financing
- A combination of the forms
- Financing not linked to the costs of the relevant operations



Sound Financial Management



Economy

The resources used shall be made available in due time, in appropriate quantity and quality, and at the best price



Efficiency

The best relationship between the resources employed, the activities undertaken and the achievement of objectives



Effectiveness

The extent to which the objectives pursued are achieved through the activities undertaken

GRANTS

Art. 180, p. 2, Financial Regulation

Grants may be awarded in order to finance any of the following:

- (a) an action intended to help achieve a Union policy objective ('**action grants**');
- (b) the functioning of a body which has an objective forming part of, and supporting, a Union policy ('operating grants').

Operating grants shall take the form of a financial contribution to the work programme of the body referred to in point (b) of the first subparagraph.

Mutual Insurance Mechanism

- **Art. 22.3.1.Amount retained for the MIM**

5% - 8% of the maximum grant amount, is retained by the *Granting Authority*

from the pre-financing payment and
is transferred into the 'MIM Fund'

- At the final payment of the balance:

Release of the retained amount after covering all amounts due by
the beneficiary

GRANTS MANAGEMENT

- Pre-signature
 - Call for proposal, Submission of proposal, Selection, Evaluation, Validating checks, Financial and Operational Assessment, Signature, Start date of the duration of the action
- After signature
 - [Keeping records](#)
 - [Amendments](#)
 - [Reporting, Payments and Suspensions](#)
 - [Checks, reviews, audits and investigations](#)
 - **Role of the Coordinator**
 - Deliverables
 - Dissemination and Exploitation of Results
 - Communication



Cooperation for protection of the **financial interests of the EU**

- **EU Financial Regulation, Article 129**
- (1) Any person or entity receiving Union funds shall fully cooperate in the protection of the financial interests of the Union and shall, as a condition for receiving the funds, grant the necessary rights and access required for the AOR, for the EPPO..., for OLAF, for the CoA, and...national authorities, to comprehensively exert their respective competences.
- (2) Any person or entity receiving Union funds under direct and indirect management shall agree in writing to grant the necessary rights as referred to in paragraph (1) and shall ensure that any 3rd parties involved in the implementation of EU funds grant equivalent rights.

GRANTS Management

- REQUEST OF INFORMATION (Art. 19.1 HE)
 - The Commission may request a Beneficiary to provide ANY information at ANY time during or after the action.
 - In an **ex-post financial audit** that starts 18 months after the balance is paid, the Commission may request any information it needs during the audit. The audit may continue **beyond the 2 years after the balance is paid**
 - The Commission may request information from the
 - beneficiaries in order to evaluate the **action's impact up to 5 years after the balance is paid** The beneficiaries must comply with any additional **exploitation obligations** set out in Annex 1, for **up to 4 years after the action ends**
 - **Personal data** may be transferred to internal audit service, to the Court of Auditors or to the European Anti-Fraud Office (OLAF) and between authorising officers of the Commission, and the executive agencies (Art. 57 of Financial Regulation)

GRANTS Management

- Keeping Records (Art. 132 FR)
 - **Sufficiency** relates to the quantity of evidence;
 - **Appropriateness** relates to its quality.
 - The evidence must be **verifiable**, **auditable** and **available**.
 - **Original documents (according to national law) or certified copies**
 - In principle, documents should be kept in the format in which they were received or created.
 - 5 years after the payment of the balance and 3 years for low-value grants < 60 000€



GRANTS Management

- Amendments to the GA (Art. 39 of the HE GA)
 - By the Project Consortium, via the Coordinator
 - By the Commission
 - Before the End date of the project duration (but exception for bank account change, Coordinator change)
 - For inclusion/termination of a Beneficiary & linked third parties. Beneficiary's **partial takeover**
 - For changes involving the Coordinator
 - For changes on the technical implementation of the project (Annex 1 of the GA), acronym, start date, duration
 - For financial aspects of the Grant:
 - Maximum Grant Amount (pre-financing, PGF contribution)
 - Reimbursement Rate(s),
 - Estimated eligible costs
 - Specific unit costs

45 days



Budget

(Art. 5.4-5.5 of the HE GA)

- The action budget is an estimation.
 - It will be a reference in case of grant reductions.
- Budget transfers are possible:
 - Between beneficiaries
 - Between budget categories in a beneficiary's estimated action budget
- Budget transfer is NOT possible:
 - to a **form of costs** that is not set out in the estimated budget in Annex 2
- But
 - Cost amounts budgeted may be transferred from A1 to A2/A3 **direct personnel costs** budget categories without an amendment to the grant agreement even if they did not foresee that form of cost in Annex 2



Consult the Commission before budget transferring.



REPORTING

- Reporting by “periods” as defined by the GA, Art.21 For HE
 - Periodic Reports – within 60 days after each Period
 - Technical (on deliveries)
 - Financial
 - All beneficiaries - including the Coordinator - must fill in their own financial statement, electronically sign it and submit it to the Coordinator.
 - Let’s see the EC’ templates on the EU Portal

Payments

- Pre-financing
 - Paid to the Coordinator within 30 days of the entry into force of the GA
 - 5% - 8% of the Grant Amount is transferred to the Mutual Insurance Mechanism
- Interim payments
 - Subject to the approval of the periodic report.
 - 90% of the maximum Grant amount as per the GA
 - The Reimbursement rate as in the GA
 - Paid to the Coordinator within 90 days from receiving the periodic report (except in case of suspension)
 - 30 days to submit observations on the EU decision on the payment amount
- Payment of the Balance
 - Grant Amount - Pre-financing - Interim payments + Amount retained for the MIM
 - Paid to the Coordinator within 90 days of approval of the final report
 - Contradictory Procedure (Observations within 30 days) (HE: Art. 22.3, page 62-63 of the GA)



👉 The Beneficiary bears the **cost of transfers charged by its bank** for the Grant Payments from the Commission.



Pre-financing



When

Within 30 days from the signature of the grant or 10 days before the starting date, whichever is latest



How much

Usually = maximum grant amount / number of periods
Retention **5-8 % of maximum** grant for Guarantee Fund



Why

It remains the property of the EU until the payment of the balance

SUSPENSIONS

- Suspension of the payment deadline
 - Art. 29
- Payment Suspension
 - Art. 30 HE
- Grant Agreement Suspension
 - Art. 31 HE





CERTIFICATE ON FINANCIAL STATEMENT

Horizon Europe

- EU contribution requested reaches the threshold **430 000** euro **or as per** the Data Sheet
- The CFS threshold and schedule are set out in the Data Sheet, Point 4.3
- CFS must be drawn up using the **template** published on the Portal
- The threshold is calculated including only the costs declared on the basis of *actual costs and costs according to usual cost accounting practices if they haven't been previously covered by another CFS/ EC audit*
- Public bodies — the certificate may be issued by an Independent Public Officer with formal competence to audit the Beneficiary/AE (instead of by an external auditor).
- **Affiliated Entities** must submit a certificate if their costs reach the threshold



CURRENCY

- Currency for Financial Reporting: always EURO (21.3 HE)
- Beneficiaries/AEs **with accounting records in a currency other than the euro**: conversion of costs recorded in their accounts by one of the following:
 - Daily euro exchange rate is published in the C series of the *Official Journal of the European Union* for the currency in question: using the average of the daily exchange rates published over the **corresponding reporting period**
 - For cost adjustments to previous periods ('adjustment financial statements'), the exchange rate to be used is the one for the reporting period in which the costs adjusted were incurred.
 - For eligible cost related to drafting and submitting the final reports incurred after the action duration, the exchange rate to be used is the one for the last reporting period.
- Beneficiaries/*linked third parties* with accounting established in euro must convert costs incurred in another currency into euro according to their **usual accounting practices**.

REVIEWS

Art. 22 of the GA

- Assessment of:
 - proper implementation of the action (including assessment of deliverables and reports)
 - compliance with the obligations under the Agreement and
 - continued scientific or technological relevance of the action
- Review Reports
- The review report together with the Commission comments will be notified to the Coordinator (or, exceptionally, the Beneficiary concerned) for comments within 30 days (**contradictory review procedure**)

AUDITS

- Audits (EC and/or ECA)
 - During the Implementation of the Action and/or up to **two years** after the payment of the balance
 - Draft Audit Report (DAR)
 - Contradictory Audit Procedure (observations from the Beneficiary within 30 days from sending the DAR, **Art. 25.1.3 in HE**)
 - Final Audit Report
 - Letter of Audit Closure (referring to eventual cost rejections, extrapolation rate)

Audit Sampling (2021-2027 Framework)

- Personnel Costs:
 - 10% of all persons declared
 - Minimum 10 persons, or all if less than 10 worked on the action
- Subcontracting Costs:
 - 10% of all subcontracts for which costs were declared
 - Minimum 10 subcontracts, or all if less than 10 were declared
- Purchase Costs:
 - Travel Costs:
 - 10%; minimum 10 (or all if less than 10 travels declared)
 - Equipment Costs:
 - 10%; minimum 10 (or all if less than 10 items declared)



Results of the reviews, audits and investigations

- Cost rejection, suspension of the payment deadline, termination, grant reduction and recovery, or exclusion and/or financial penalties,
- Amendment
- In some audit cases, findings may result in the acceptance of additional costs (if the Beneficiary declared them)
- Criminal prosecution before the national authorities

Extension of findings

- Extension of findings to non-audited grants and/or periods (be it on-going or closed)
 - Recurrent error - an infringement found in several **grants** of the Beneficiary
 - Systemic - an infringement that is inherently related to the Beneficiary's methodologies, accounting, management or internal control practices
 - Letter of Audit Conclusions:
 - for cost rejection:
 - a request to submit revised financial statements for the grants/reporting periods on the list (via a specific form annexed to the letter of audit conclusions)
 - the proposed correction rate for extrapolation (if the Beneficiary does not submit revised financial statements)
 - the conditions for external counter-audits to propose an alternative correction method
 - for grant reduction: the proposed flat-rate for the correction

FIN RG Art. 202, 4

- Where it is not possible or practicable to quantify precisely the amount of ineligible costs for each grant concerned, the amounts to be reduced or recovered may be determined by **extrapolating the reduction or recovery rate** applied to the grants for which the systemic or recurrent irregularities, fraud or breach of obligations have been demonstrated, or, where ineligible costs cannot serve as a basis for determining the amounts to be reduced or recovered, by applying a flat rate, **having regard to the principle of proportionality**. The beneficiary shall be given the opportunity to propose a duly substantiated alternative method or rate before the reduction or recovery is made.

Investigations

If the Commission suspects that a Beneficiary or 3rd party involved in an action committed fraud or other illegal acts, it will inform OLAF, who may decide to investigate



Eligibility of costs

- Art.6 of the GA (based on Art. 186 of the FR)
- **Eligibility** of costs: **general criteria**
 - Incurred during the implementation of the action
 - Necessary for the action
 - Indicated in the budget, Annex 2
 - Identifiable and Verifiable
 - Compliant with national legislation on taxes and social security
 - Reasonable, justified, based on the principle of Sound Financial Management (economy and efficiency)
- Costs incurred by the Affiliated Entities – identified in the GA, abide by the same rules applicable to the Beneficiary
- Non-recoverable VAT
- Reference to GA on estimated budget categories - possibilities for transfers

Eligibility of covid19 - related force majeure costs

- Force majeure (Art. 39 in HE):
 - was unforeseeable, exceptional situation and beyond the parties' control
 - proves to be inevitable despite exercising all due diligence
 - must be formally notified to the other party without delay, stating the nature, likely duration and foreseeable effect
 - Travel tickets/hotel bookings/meetings cancelled
- Costs are eligible if they fulfil:
 - the general eligibility conditions of Article 6, and:
 - Beneficiaries must immediately take all the necessary steps to limit any damage due to force majeure

Direct and Indirect costs

- **Direct costs** – costs that can be measured on their contribution to the action can reported as direct. They must not include any indirect costs.
 - Staff related
 - Travel, accommodation and subsistence allowances
 - Purchases of Goods, Work or Services
 - Subcontracts
- **Indirect costs** – costs not only incurred for the action implementation and that cannot be measured on their precise contribution to the action

Forms of costs

- Actual costs
 - Real, not budgeted or estimated numbers
- Unit costs
 - Personnel costs for SME owners/Natural persons not receiving a salary
 - Usual costs accounting practice of the Beneficiary for average personnel costs
 - Internally invoiced goods and services
- Specific unit costs
 - costs for energy efficiency measures in buildings
 - access costs for providing trans-national access to research infrastructure
 - access costs for providing virtual access to research infrastructure
 - costs for clinical studies
- Flat rate for indirect costs
 - 25% of direct eligible costs
- Lump sum

Forms of costs

- The forms of cost are included in the Grant Agreement per cost category.
- The reimbursement rates apply to all forms of costs (actual, unit, lump sums and flat-rates costs) and all budget categories.
- Within a grant, *different forms* of costs CAN be used.

Daily Rate (Horizon Europe)

Actual personnel costs during the months within
the reporting period

Divided by

Maximum declarable day-
equivalents

1 month = 30 Days (Horizon Europe)

AGA page 51



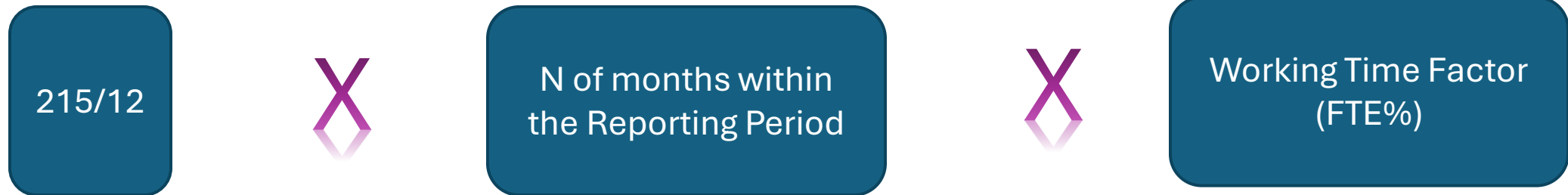
For the purpose of all personnel cost calculations a month is considered to have 30 days.

Example: In the reporting period from 01/05/2022 to 31/03/2023, you calculate the number of months to be used when an employee is hired from 05/05/2022 until 20/10/2022:

- May: 26 days as of the day of being hired, i.e. $26 / 30 = 0,87$ months
- June-September: 4 months
- October: 20 days until end of employment, i.e. $20 / 30 = 0,67$ months

That is for the person in the reporting period: $(26 / 30) + 4 + (20 / 30) = 5,54$ months.

Day Equivalents (Horizon Europe)





Compare the calculation in Horizon Europe:



Bonus payments

- They are part of the Basic Remuneration
- Additional Eligibility Conditions:
 - part of the usual remuneration practices for national projects
 - not based on commercial targets or fund raising
 - be paid in accordance with national law, the collective labour agreement and the employment contract/equivalent appointing act
 - **exclude arbitrary bonuses** (i.e. bonuses which are not part of the beneficiary's usual remuneration practices and/or which are not based on objective conditions)

Project-based accounting in HE

- Calculation of the Additional Remuneration:
 - **"Action Reference" (AR)** - reference rate for the work on the H2020 action
 - **"National Projects Reference" (NPR)** - reference rate for the usual remuneration practice for national projects
 - Compare both rates:
 - If $AR > NPR$, there is additional remuneration
 - If $AR \leq NPR$, there is NO additional remuneration, all remuneration is basic

Project-based accounting in Horizon Europe

- The daily rate to be used for the EU grant financial statement will be the **lower** of the two.
- In practice, the HE framework does not allow additional remuneration in the context of what it means under H2020.
- Page 37-38 in the AGA-HE (Art.6.2.A.1)





Other Payments and Additional Remuneration in Horizon Europe:

- 13th salary, Christmas pay, retroactive salary increase
 - When recorded in the statutory accounts, based on a binding document, and not an estimate
 - If accruals are used over the time before payment, the cost declared should be including them in the month of the payment
 - If – beneficiary usual remuneration practice, and paid consistently for same kind of work or expertise, AND
 - Based on objective and generally applied criteria, regardless of the source of funding

Reference: p.48-49 of the Annotated Corporate Grant Agreement (10-15 min reading time).



A2. Natural Persons working under a DIRECT contract

- Art. 6.2.A.2 The **costs for natural persons working under a direct contract** with the beneficiary other than an employment contract are eligible personnel costs, if:
 - (a) the person works under conditions similar to those of an employee (in particular regarding the way the work is organised, the tasks that are performed and the premises where they are performed);
 - (b) the result of the work carried out belongs to the beneficiary (unless exceptionally agreed otherwise), and
 - (c) the costs are not significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary.



Calculation principles to Category A.1 apply also to

A.2. 06 June 2025

Natural Persons working under a DIRECT contract – Category A.2

- Usually "in-house" consultants, free-lancers
- Actual OR unit costs (average personnel costs)
- Eligibility:
 - General criteria
 - Direct contract
 - Output/product owned by the beneficiary
 - Similar working conditions
 - Costs not significantly different (50% or 25% reference to CFS agreed-upon procedures, page 9)
- The remuneration must be based on the working time (not on output)
- New in HE: An entity with one person only can also be A2, subject to all General and Additional Criteria

Seconded personnel A.3

- General eligibility conditions should be observed
- The 3rd party must be in Annex 1 GA
- Secondment assignment Best Practice:
 - The **secondment agreement** has to detail the conditions of secondment (tasks, payment (or not) from one entity to the other, duration of the secondment, location, etc.).
- The costs must be reimbursed up to the value actually incurred by the providing entity for the time working on the action, as reconciled with the accounting records

Seconded personnel A.3

- Only up to the actually incurred costs by the third party can be declared⁴⁷
- If the beneficiary paid less than that – declare the rest as receipts
- Indirect costs **of the third party**:
 - Can be claimed only if the staff worked NOT in the beneficiary's premises (and in that case: 3rd party's costs estimation in Annex 2)

Seconded personnel A.3

- Additional eligibility criteria:
 - The beneficiaries must ensure that the Commission/Agency, the European Court of Auditors (ECA) and the European Anti-Fraud Office (OLAF) have the right to carry out checks, reviews, audits, and investigations on the third parties (see Article 22), and in particular audit their underlying costs.
 - They must also ensure that the Commission/Agency has the right to make an evaluation of the impact

SME owners/Natural persons not receiving a salary – Category A.4 (HE)

- The unit daily rate is amended from $5080/18=282,22$ in Decision C(2020) 7115, to
- $8745,40/18= 485,85$ with Decision C(2024) 5328 from 31.07.2024
- So, in Annex 2a the A4 daily rate:
 - $8.745,4/18 = 485,85$
 - Multiplied by the country-specific coefficient
- The total number of day-equivalents declared in EU grants, for a person for a year, cannot be higher than 215.



Other Payments and Additional Remuneration in Horizon Europe:

- 13th salary, Christmas pay, retroactive salary increase
 - When recorded in the statutory accounts, based on a binding document, and not an estimate
 - If accruals are used over the time before payment, the cost declared should be including them in the month of the payment
 - If – beneficiary usual remuneration practice, and paid consistently for same kind of work or expertise, AND
 - Based on objective and generally applied criteria, regardless of the source of funding

Reference: p.48-49 of the Annotated Corporate Grant Agreement (10-15 min reading time).

Costs of Third Parties



- Any party not signing the Financial Contribution Agreement with the EC is a third party
 - Subcontractors
 - In-kind contributions
 - for free
 - against payment
 - Linked third parties
 - International organisations
 - Contractors

Subcontracting (Art. 9.3 of GA HE)

- Beneficiaries may award subcontracts covering the implementation of **certain action tasks**.
- Subcontracting may cover only a **limited part** of the action.
- Beneficiaries/linked third parties may NOT subcontract tasks to other beneficiaries/linked third parties
- The tasks to be implemented and the estimated cost for each subcontract must be set out in Annex 1 and the total estimated costs of subcontracting per beneficiary must be set out in Annex 2.



Subcontracting

- Example of subcontracting costs:
 - Translation, Interpretation, specific Evaluation, external Expertise, Information, Dissemination, Reproduction, Publication
- Beware of additional eligibility rules:
 - Best value for money - price-quality ratio OR lowest possible price
 - No core activities, no Coordinator's tasks
 - Included in the Grant Agreement (Annex 1 and Annex 2)
 - OR agreed with the Commission (amendment/simplified procedure)
 - Procurement rules - when beneficiaries are 'contracting authorities' or 'contracting entities' (within the meaning of the EU public procurement Directives 2014/24/EU and 2014/25/EU³⁷)
- The Subcontractor should abide with the same obligations and provide the same rights to the Commission as those of the Beneficiary

Subcontracting

Obligations that must be extended to subcontractors:

- Avoiding conflicts of interest ([see Article 35](#))
- Maintaining confidentiality (see *Article 36*)
- Promoting the action and give visibility to the EU funding (see *Article 38*)
- Liability for damages (see *Article 46*).

Failing to abide with these obligations, the grant may be reduced and/or other penalty consequences may occur, according to Art. 13.2 , Art. 43 and Art. 6

Subcontracting

- **Conflict of interests**
(Art. 12 in HE)

The beneficiaries must take all measures to prevent any situation where the **impartial and objective** implementation of the action is **compromised** for reasons involving:

- economic interest,
- political or national affinity,
- family or emotional ties or
- any other shared interest



In-Kind Contributions

Indicative Audit Programme Ref. Section A 20-21; D 70,-72, 81- 84

- For ODC in-kind contributions :
 - The costs claimed do not exceed the actually incurred direct costs
 - Cost do not exceed depreciation costs of similar equipment, infrastructure or assets
 - "Arms' length" principle (No profit transferring)
 - No profit/financial fees are included in the in-kind costs
 - No estimations
 - Indication for the costs in Annex I / or approved in writing by EC
 - For in-kind contr. NOT used in the beneficiary's premises: indication in Annex 2



Linked third parties/ AFFILIATED Entities are:

affiliated entities

- under the direct or indirect control of the beneficiary
- under the same direct or indirect control as the beneficiary
- directly or indirectly controlling the beneficiary

entities with a legal link to a beneficiary

- established legal relationship
- broad and not specifically created for the work in the GA that goes beyond the action duration and usually pre-dates and outlasts the GA

What is NOT an affiliated entity?

H2020 Rules for Participation, Art. 8, par. 3

- the same public investment corporation, institutional investor or venture-capital company has a direct or indirect holding of more than 50 % of the **nominal** value of the issued share capital or a majority of voting rights of the shareholders or associates;
or
- the legal entities concerned are owned or supervised by the same **public** body.

Affiliated Entities

- AE does not charge a price, but declares its own costs for implementing the action tasks.
- AE itself performs certain action tasks directly and is responsible for them towards the beneficiary. AEs do NOT sign the GA (and are therefore not beneficiaries).
- The beneficiary remains responsible towards the Granting Authorities for the work carried out by the AEs. Moreover, the beneficiaries are financially responsible for any undue amount paid by the Granting Authority as reimbursement of costs for their AEs — unless the GA foresees joint and several liability.
- Work is under the full and direct control, instructions and management of the AE, who carries out this part of the action (with its employees).

Affiliated Entity (Art. 8 HE)

- There is NO simplified approval procedure for the inclusion of an AE in the implementation of the action.





Comparision -3rd Parties HORIZON EUROPE

- **Affiliated entities partners**

- Named in GA, action tasks indicated Annex 1 and 2
- Costs and contributions
- Ref: Art. 8 GA

- **Associated partners**

- Named in GA, section tasks set in Annex 1
- Ref: Art. 9.1 GA
- Not eligible for funding

- **Third parties giving in-kind contributions**

- Free of charge/ (against payment only for HE)
- Set in Annex 1
- Art. 6.1 and Art. 9.2 GA

- **Subcontractors**

- Costs and related action tasks should be set in Annex 1 and 2
- Value for money

Subcontracting/ Third parties in HE

TYPE	Works on 'action tasks'?	What is eligible for the beneficiary/ affiliated entity?	Must be indicated in Annex 1 GA?	Conditions for participation	GA article
Beneficiaries	YES	Costs	YES	Must be eligible	art 7
Affiliated entities	YES	Costs	YES	Must have a capital or legal link with a beneficiary and fulfil the same eligibility conditions	art 8
Associated partners	YES	n/a	YES	No specific conditions (APs do not receive funding).	art 9.1
Third parties contributing to the project	Participate in the action as contributors	n/a (exception for HE: Costs)	YES	/	art 9.2
Subcontractors	YES	Invoiced price	NO (only subcontracted tasks must be indicated)		art 9.3
Third parties receiving financial support ⁴	Participate in the action as recipients.	Amount of support given	YES	According to the conditions in Annex 1 GA	art 9.4



Other direct costs

- Purchases of **goods, works or services**.
 - Ensure the **best value for money or**, if appropriate, **the lowest price** and avoid any conflict of interests (see Article 35).
 - Internally invoiced goods and services (D.1)
 - Calculated as unit costs only, according to usual practice
- **Equipment**
 - Standard case: no full cost, but depreciation actually incurred
 - Only the portion of the costs that corresponds to the rate of actual use for the action during the action duration can be taken into account.
 - No financial fees (e.g. for credits on the purchase, or for the leasing, etc.)
- Report on Explanations on the use of resources (n.a. MSCA & LS)
 - If actual costs declared under "other direct costs" are **equal or higher** than **15% of claimed personnel costs** for the beneficiary in each reporting period, no need to give any detail.

Other direct costs

- Rental of meeting rooms/interpretation booths
- Costs for certificates on the financial statements
- Financial costs, e.g. related to the bank guarantee if required
- Intellectual Property Rights reviews
- Communication events, material, services

Ensure competitive selection procedure for purchase of goods, works, and services, based on pre-announced award criteria, value for money and no conflict of interest.

Other direct costs

- Travel and subsistence allowances (actual cost only)
 - Costs are necessary for the implementation of the action, reasonable, verifiable and not reckless
 - Keep tickets, bills, receipts, proof of payment
 - Must be declared in euro according to the rules in the GA
 - According to the Beneficiary's usual travel policy but in compliance with GA
 - Only costs related to the time for travel related to the work on the action
 - Per diem/Fixed fees reconcile with the Beneficiary's usual travel policy, procedures or practice
- COVID19 : equipment for holding online meetings may be **eligible**.



Indirect costs

- One flat rate 25% of total eligible direct costs minus:
 - Subcontracting costs
 - In-kind contributions related costs incurred by 3rd parties outside of the Beneficiary's premises
 - Costs of providing financial support to 3rd parties
 - Costs from specific costs categories (unit or lump-sum costs) that include indirect costs
- BEWARE:
 - Indirect costs cannot be reimbursed and thus should not be declared if the Beneficiary also receives an Operating grant (for the operation and running costs of an entity, Art. 180.2.(b) of the FR), unless the Beneficiary applies separate accounting and shows no double funding doubts



Ineligible costs

- In principle – if costs **do not meet the general and specific eligibility conditions** set out in Article 6 of the GA
- Costs **listed in Article 6.3** of the GA
 - Return on capital or return generated by an investment (dividends)
 - Debt and debt service charges (on loans)
 - Interest owed
 - Provisions for bad debts and losses
 - Bank costs charged by the beneficiary's bank for transfers from the granting authority
 - Currency exchange losses
 - Deductible VAT
 - Incurred during the suspension of the implementation of the action
 - Declared under another EU or Euratom grant
 - In-kind contributions from 3rd parties (voluntary work, equipment available for free, etc.)
 - Excessive or Reckless expenditure



Receipts from the action

NO PROFIT RULE (HE, H2020)

- Receipts from the action (Art. 5.3.3 of the H2020 MGA)
 - (a) Income generated by the action; if the income is generated from selling equipment or other assets purchased under the Agreement, the receipt is up to the amount declared as eligible under the Agreement;
 - (b) financial contributions given by third parties to the Beneficiary/linked 3rd party specifically to be used for the action, and
 - (c) in-kind contributions provided by 3rd parties free of charge and specifically to be used for the action, if they have been declared as eligible costs
 - Example: p. 204 AMGA

If Grant Amount + Receipts > Total Eligible Costs → Deduction of profit

Revenues from the action: art.22.3.4

NO PROFIT RULE - Horizon Europe

- Revenue must be declared by For-Profit Beneficiaries
- For entities that work for profit (in their usual activities), EU grants must not have the purpose or effect of producing a profit during the action. Beneficiaries that are profit legal entities (and that do not fall under any of the other exceptions) must therefore declare their revenues at the end of the action. (p.225 AGA)

⚠ For the calculation of the profit, only the EU grant (and other EU grants, if any; see Article 6.3) and the **revenues** from the action (e.g. from the sale of results, such as products, services and publications, **conference fees**) are taken into account. Grants from other donors for the action or for the activities of the beneficiaries ('financial contributions') are NOT considered as revenue.

If Grant Amount + Receipts > Total Eligible Costs → Deduction of profit



Final grant amount

(Horizon Europe, GA Art.22.3.4)

- Calculated by the Commission when the Payment of the Balance is made
- The **final grant amount** for the action will be calculated in the following steps:
 - **Step 1** — Calculation of the total accepted EU contribution
 - **Step 2** — Limit to the maximum grant amount
 - **Step 3** — Reduction due to the no-profit rule
- If the balance is **positive**, it will be paid to the **coordinator**