Administrative Challenges of H2020: What is new for research administrators?

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FFG – Austrian Research Promotion Agency

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HORIZON 2020

The biggest EU Research and Innovation programme ever

Nearly €80 billion of funding

Runtime: 7 years (2014-2020)
THE PROGRAMME STRUCTURE: THREE PILLARS

Excellence Science
- European Research Council
- Future and Emerging Technologies
- Marie Sklodowska Curie Actions
- Research Infrastructures (Including e-infrastructure)

Competitive Industries
- Leadership in enabling and industrial technologies
  - ICT
  - Nanotechnologies, biotechnologies, manufacturing
  - Space
- Access to risk finance
- Innovation in SMEs
  - Fostering all forms of innovation in all types of SMEs

Societal Challenge
- Health, demographic change and wellbeing
- Food security, sustainable agriculture, marine and maritime research, and the bio-economy
- Secure, clean and efficient energy
- Smart, green and integrated transport
- Climate action, resource efficiency and raw materials
- Europe in a changing world – inclusive, innovative, reflective societies
- Secure Societies

European Institute of Innovation and Technologies (EIT)
- Spreading Excellence and Widening Participation
- Science with and for society
- Joint Research Center (JRC)
- Euratom

Source: www.apre.it
A SINGLE SET OF RULES FOR H2020

H2020 'Rules for Participation' apply for all programme areas (EIT, JTIs…) and funding bodies – exceptions where needed

Simpler funding rates (basic principle: 'one funding rate per action')

<table>
<thead>
<tr>
<th>Maximum reimbursement rates</th>
<th>Research and technological development activities (*)</th>
<th>Demonstration activities</th>
<th>Other activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network of excellence</td>
<td>75% (*)</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Collaborative project(****)</td>
<td>50% (**)</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Coordination and support action</td>
<td></td>
<td></td>
<td>100% (***))</td>
</tr>
</tbody>
</table>

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Simplification as a Major Feature

- Simplified funding rates (‘one rate per action‘)
- 25% flat rate for indirect costs
- Shorter average ‘time-to-grant‘
- Grant Agreement is signed electronically
- Less controls
- Less time-keeping requirements
<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>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>SME Instrument</td>
<td>70 %</td>
</tr>
<tr>
<td>Funding actions</td>
<td>Goals</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>----------------------------------------------------------------------</td>
</tr>
<tr>
<td>Prizes</td>
<td>• awards based on results</td>
</tr>
<tr>
<td></td>
<td>• create incentive for investments in R&amp;D</td>
</tr>
<tr>
<td></td>
<td>• simple award procedure</td>
</tr>
<tr>
<td>Fast Track to Innovation</td>
<td>• speed up the technological development of innovative products, processes and services</td>
</tr>
<tr>
<td></td>
<td>• increase private investment in R &amp; I</td>
</tr>
<tr>
<td>Pre-Commercial Procurement – Co-fund (PCP)</td>
<td>• co-financing R&amp;D in the field of innovative products and services</td>
</tr>
<tr>
<td>Public Procurement of Innovative Solutions (PPI) – Co-fund</td>
<td>• co-financing R&amp;D in the field of innovative products and services</td>
</tr>
<tr>
<td>Various other Co-funds</td>
<td>• co-financing of ERA-NETs, scholarship programmes etc.</td>
</tr>
</tbody>
</table>
The **type of action** is indicated at the end of the **topic description** of each call:

**Sustainable Food Security**

<table>
<thead>
<tr>
<th>Topic: Biological contamination of crops and the food chain</th>
<th>SFS-13-2015</th>
</tr>
</thead>
</table>

**Type of action:** Research and innovation actions
What is the minimum number of partners in a 'standard‘ H2020 project?

Three independent legal entities from different EU MS/AC

Three independent legal entities, no matter where from

Five independent legal entities from different EU MS/AC
Standard minimum conditions:
• three legal entities
• which are independent of each other
• from different EU Member States or associated countries

Exceptions:
• ERC, Coordination/Support Actions etc.: one legal entity
• Fast Track to Innovation: three to five legal entities

Additional eligibility criteria:
• may apply if specified in the Work Programme
THIRD COUNTRY PARTICIPATION

- H2020 is **open** for all legal entities **worldwide**
- Eligibility for **funding depends** on the **country**
- List of **third countries eligible for funding** (‘developing countries‘): see General Annexes to the main WP (part A)
- **No automatic funding** for entities from ‘industrialised countries‘, BRIC (Brasil, Russia, India, China) and **Mexico**: only eligible for funding, if
  - specified in the Work Programme or
  - participation deemed essential for the project or
  - bilateral agreement between the EU and the respective country
Switzerland:

- Negotiations supended
- Switzerland will be a Third Country (at least for 2014 calls):
  - no automatic funding
  - not counted towards ‘minimum conditions’
  - not eligible for ‘single beneficiary’ actions (ERC etc.)
- See also:

Liechtenstein:

- Will be a Third Country with no automatic funding

Other countries that were associated to FP7:

- Negotiations expected to be completed in 2014 – retroactive application
What is the maximum 'time to grant' in H2020?

Six months after the call deadline

Eight months after the call deadline

There is no maximum time to grant
TIME TO GRANT

• Total time to grant: no more than eight months
• Information on evaluation results: max. five months from the deadline for (full) proposals
• Max. three more months until Grant Agreement is signed
• Extension possible for ERC projects, in exceptional, duly justified cases or when requested by consortium

• How will the shorter time to grant be achieved?
  ✓ proposal will be evaluated „as what is, not what could be“
  ✓ less ex-ante checks
  ✓ electronic signature of the Grant Agreement ‘LSIGN’
**Research and innovation actions**

*Description*: Action primarily consisting of activities aiming to establish new knowledge and/or to explore the feasibility of a new or improved technology, product, process, service or solution. For this purpose they may include basic and applied research, technology development and integration, testing and validation on a small-scale prototype in a laboratory or simulated environment.

Projects may contain closely connected but limited demonstration or pilot activities aiming to show technical feasibility in a near to operational environment.

*Funding rate*: 100%
RESEARCH AND INNOVATION ACTIONS, COORDINATION AND SUPPORT ACTIONS

**Direct Costs**

**Indirect Costs**

Single funding rate: 100%

Indirect costs: 25% flat rate

<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>
What is the funding rate for universities participating in innovation actions?

Universities may not participate in innovation actions.

The single funding rate for innovation actions is 70%.

100% (because the university is a non-profit legal entity)
**Innovation actions**

*Description:* Action primarily consisting of activities directly aiming at producing plans and arrangements or designs for new, altered or improved products, processes or services. For this purpose they may include prototyping, testing, demonstrating, piloting, large-scale product validation and market replication.

A ‘demonstration or pilot’ aims to validate the technical and economic viability of a new or improved technology, product, process, service or solution in an operational (or near to operational) environment, whether industrial or otherwise, involving where appropriate a larger scale prototype or demonstrator.

A ‘market replication’ aims to support the first application/deployment in the market of an innovation that has already been demonstrated but not yet applied/deployed in the market due to market failures/barriers to uptake. ‘Market replication’ does not cover multiple applications in the market of an innovation that has already been applied successfully once in the market. ‘First’ means new at least to Europe or new at least to the application sector in question. Often such projects involve a validation of technical and economic performance at system level in real life operating conditions provided by the market.

Projects may include limited research and development activities.

*Funding rate:* 70% (except for non-profit legal entities, where a rate of 100% applies)
### Funding rates:
- 70 % for profit-making entities
- 100 % for non-profit organisations (NPOs)

### Indirect costs: 25 % flat rate

<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>Profit-making</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>
‘Non-profit legal entity’ means a 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 individual members.

Some examples:
- Public universities, colleges and research institutes
- Public bodies (ministries etc.)
- Non-profit associations (NGOs)
- Non-profit private companies

Advantages of NPOs in Horizon 2020:
- 100 % funding rate in innovation actions
- ‘additional remuneration’ eligible
- Non-refundable VAT eligible for all legal entities
COST REPORTING: OVERVIEW

Types of costs:
• Actual costs
• Unit costs (e.g. ‘average personnel costs‘)
• Lump-sum costs (e.g. SME instrument)
• Flat-rate costs (only for indirect costs)

Standard cost categories:
1) Personnel costs
2) Subcontracting costs
3) Other direct costs (e.g. travel expenses, depreciation of equipment/infrastructure, costs of services...)
4) Indirect costs
WHAT DO YOU GUESS?

Your kick-off meeting is on the first day of the project and you need to book your plane ticket in advance. Can you charge the price on the project?

No (not incurred during the course of the project)

Yes, the ticket is an eligible cost item

Travel costs are never eligible in H2020
General eligibility criteria for actual costs (art. 6.1 GA):

(i) they must be **actually incurred** by the beneficiary;

(ii) they must be incurred in the period set out in Article 3 [i.e. during the project duration], with the exception of costs relating to the submission of the periodic report for the last reporting period and the final report (see Article 20);

(iii) they must be **indicated in the estimated budget** set out in Annex 2;

(iv) they must be **incurred in connection with the action** as described in Annex 1 and **necessary** for its implementation;
v) they must be identifiable and verifiable, in particular recorded in the beneficiary’s accounts in accordance with the accounting standards applicable in the country where the beneficiary is established and with the beneficiary’s usual cost accounting practices;

(vi) they must comply with the applicable national law on taxes, labour and social security, and

(vii) they must be reasonable, justified and must comply with the principle of sound financial management, in particular regarding economy and efficiency.

...as long ass they don’t contradict the rules of the Grant Agreement...
Personnel costs may be charged as:

1. **Actual costs** (‘actual‘ hourly rate)

2. **Unit costs‘** (hourly rate as agreed in Grant Agreement or calculated according to ’usual cost accounting practises‘)

3. **SME owners/natural person without salary** (standard hourly rate; country correction coefficient)

4. **Natural persons working under a direct contract with the beneficiary:** eligible under certain conditions
**ACTUAL PERSONNEL COSTS**

### Calculation of personnel costs:

**Hourly rate** (basic remuneration) \( \times \) **hours worked for the project**

+ additional remuneration **only** for non-profit entities

### Calculation of the hourly rate ('basic remuneration')

*based on the data of the last closed financial year*

Basic salary + social security + taxes + other **mandatory** costs

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**Yearly productive hours** *(three alternative calculation methods)*
ANNUAL PRODUCTIVE HOURS

Option 1: 1720 fixed hours:
• May be used by any beneficiary
• Advantages: easy to use, no mistakes

Option 2: Individual annual productive hours
• Calculation: individual annual workable hours (how many hours the person should work according to law, collective agreement and/or individual contract) + overhours – absences (such as sick leave – not holidays!)

Option 3: Standard annual productive hours
• Calculation according to usual cost accounting practise
• Must be at least 90 % of the standard annual workable hours
• If less than 90 % -> use 90 %

No more hours than the annual productive hours may be charged on all EU projects!
Additional remuneration (bonuses etc.) is only eligible for non-profit legal entities and up to 8.000 Euro per year and person working full-time for an action

- if directly linked to the action and paid for
- additional work or expertise

<table>
<thead>
<tr>
<th>Acceptable</th>
<th>Not acceptable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic salary for teaching + additional remuneration for research</td>
<td>Basic salary for teaching + additional remuneration for participating in an EU project or for using English</td>
</tr>
<tr>
<td>Basic salary for teaching + additional remuneration for being a Principal Investigator’ (ERC)</td>
<td>Director decides at his/her own descretion who will get a bonus (no clear rules)</td>
</tr>
<tr>
<td></td>
<td>Bonus for assisting in an internal project</td>
</tr>
</tbody>
</table>
What are the requirements for time sheets if you participate in a H2020 project as part of our job?

No time sheets are required because the internal regulations of my university say so.

Only the hours worked for the project must be documented.

Full time recording is required (just like in FP7).
• Only the hours worked for the action need to be documented

• Personnel working exclusively for the action: no time sheets needed (confirmation by beneficiary suffices)
**Definition:** A *contract for the purchase of goods, works or services that are identified in Annex 1 as action tasks.*

**Examples:**
- Building of a prototype, *if defined as an action task*
- Conduction of an opinion poll, *if defined as an action task*
- Setting up a website, *if defined as an action task*

**Characteristics:**
- **Financial motivation** for taking over an action task
- Subcontract is based on **business conditions** (price includes a profit margin)
Eligibility criteria:
• Best price-quality ratio oder lowest price („three offers“)
• Public procurers must observe public procurement law
• Reasons, tasks and estimated costs must be indicated in GA
• No indirect costs on subcontracting!

Other issues:
• The responsibility lies fully with the beneficiary
• Intellectual property generated by the subcontractor must revert to the beneficiary
Who can be a 'linked Third Party'?
- Associated Enterprises and
- Third parties with a legal link to a beneficiary that goes beyond the project (e.g. joint research unit, association…)

Eligibility criteria:
- Tasks and estimated costs must be indicated in GA
- Third Party charges ist own costs according to the H2020 rules

Other issues:
- The responsibility for thee work lies with the beneficiary
- The Third Party is responsible for its own cost claims
You need a company to print leaflets for the project. What do you do?

You contact three different companies and ask them for written offers

You contact your uncle who owns a print shop

You walk by the print shop nextdoor on your way home
COSTS OF SERVICES

Examples for 'services':
Certificate on the Financial Statements, translations, printing costs, catering (no 'action tasks' – similar to 'minor tasks'/FP7)

Eligibility criteria:
• Best price-quality ratio oder lowest price („three offers“)
• Public procurers must observe public procurement law
• 25 % indirect costs on costs of services

Other issues:
• The responsibility lies fully with the beneficiary
• Intellectual property generated by the service provider must revert to the beneficiary
Participation of experts in review panels, advisory boards etc.:

1. Travel and related subsistence costs:
   - Considered as other direct costs (D.1/Travel and related subsistence allowance)
   - Experts’ participation must be envisaged in Annex 1 of the GA
   - The beneficiary may reimburse the experts or handle the travel arrangements itself (and be invoiced directly)

2. Fees
   - Considered as other direct costs (D.3/Costs of other goods and services)
   - Rules for 'costs of services' apply ('in principle')
Certificate on the Financial Statements (CFS)

• **Only** required for funding ≥ 325,000 EUR (per partner)
• Lump sums, flat rates and unit costs other than personnel costs are not taken into account for calculation of threshold
• **Only once at the end of the project**

Audit

• Until up to two years after the 'balance payment'
• A maximum 7% of the participating organisations will be audited by the EC
In the frame of a H2020 project, a researcher at your institute develops a new vaccine. Whom does the intellectual property belong to?

To the beneficiary (institute)

To the researcher – after all he has developed it

To the EC
OWNERSHIP OF RESULTS

**General rule:**
Each participant owns the project results it generates

**Exemption:**
Jointly owned results (if the shares cannot be determined and/or the results cannot be separated for protection)
OPEN ACCESS

• Open Access to peer-reviewed scientific publications is a general requirement for all H2020 projects

• Some programme areas participate in the ‘Open Research Data Pilot‘

• Open access costs are eligible if incurred during the project duration
1. The **LEAR (or Account Administrators)** nominate as many LSIGNs/FSIGNs as they want.

At this stage, the FSIGN cannot do anything, while the LSIGN has read-only access to the organisation’s data and lists of projects, proposals & roles.
ROLES IN THE PARTICIPANT PORTAL: LEAR/LSIGN/FSIGN II

2. The **Primary Coordinator Contacts / Participant Contacts** need to assign to their project as many LSIGNs/FSIGNs for their own organisation as needed.

The LSIGN and FSIGN now have their own access to the tools.
CONSORTIUM AGREEMENT (CA)

- Consortium Agreements are mandatory for most projects
- They should be signed before the GA
- They contain rules on financial issues, IPR issues, decision-making structures etc.
- All beneficiaries (partners) sign and are bound to the CA

Models for consortium agreements:
Further model CAs are expected to be available in the future.

Advice on IPR issues: http://www.iprhelpdesk.eu/helpline
FURTHER INFORMATION

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

Reference documents (e.g. Annotated GA)

Participant Portal

IPR Helpdesk:
http://www.iprhelpdesk.eu/

The information in this presentation is rightly without obligation and has no right of completeness.