

# Third parties in Horizon 2020

UKRO Webinar

8 December 2020

# About UKRO

## Mission

- To maximise UK engagement in EU-funded research, innovation and higher education activities.

## Our office

- Brussels office of the UK Research and Innovation
- Delivers subscription-based advisory services for around 140 research organisations in the UK and beyond.
- Also provides ERC and MSCA National Contact Point services on behalf of the UK Government

# Housekeeping

- All participants will be **muted** for the duration of the webinar.
- **A chat function is available and will be monitored by colleagues.**
- **Please use the formal Q&A function to submit questions.**
- **You can ‘up vote’ your favourite questions.**
- Any unanswered questions should be addressed directly with individual European Advisors after the session.
- **A link to slides** will be posted on the event page after the webinar.

# Contents

- Third parties in Horizon 2020 – Basics
- Overview of third parties in Horizon 2020
  - Contracts for goods, works and services
  - Third parties providing in-kind contributions
  - Subcontractors
  - Linked third parties
  - International Partners (Article 14a)
  - Financial support to third parties
- Third parties in Horizon Europe – Planned changes

Here we go...

# Third parties in Horizon 2020 - Basics

'Third parties' is a collective term for all organisations (or individuals) involved in a Horizon 2020 action, without signing the grant agreement.

Third parties do not receive the EU contribution directly from the Commission, but from the beneficiary that they work with on the action.

Under Article 8 of the GA, the beneficiaries should normally have the necessary resources to implement the action, but if necessary, it is possible to involve third parties.

Third parties can be directly involved in the implementation of action tasks, or not (provide goods, works and services, or other resources).

## The Golden Rule

In Horizon 2020 actions, the participation of organisations (or individuals) that are not beneficiaries, should fall within the scope of one of the articles related to third parties.

# Third parties in Horizon 2020 - Basics

The beneficiary involving third parties is always responsible for ensuring that they comply with all relevant obligations under the GA!

- Beneficiaries must ensure that they can fulfil their obligations under the GA regarding results and **make suitable arrangements with any third parties** that could claim them.
- Some **GAs only allow for selected types of third parties** to be used, so check before you include them.
- **Limited options for GA based on lump sums** – MSCA SNLS, ERC PoC (2019 onwards), etc.
- Also, **specific case of MSCA...**

# Third parties in Horizon 2020 - MSCA

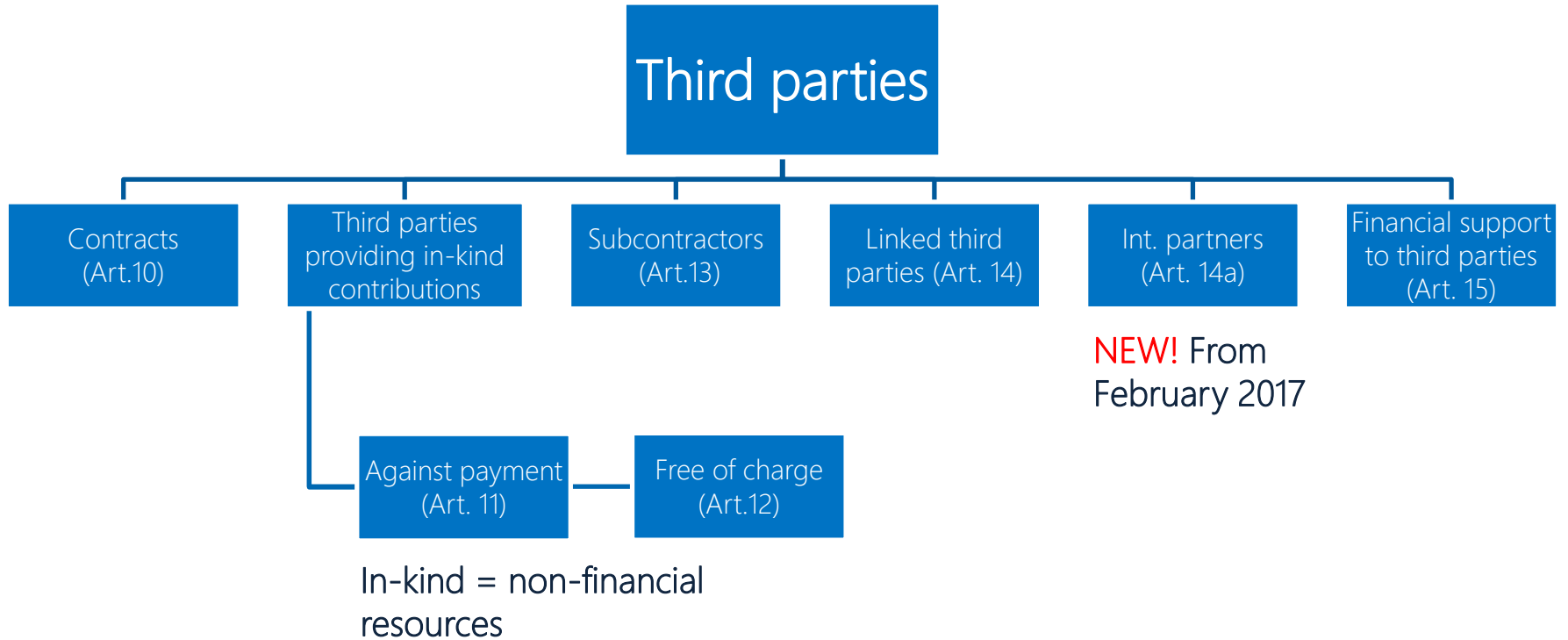
The rules of the General MGA on third party involvement do not apply to MSCA but, if necessary to implement an MSCA project, the beneficiaries/partner organisations may call upon entities with a capital or legal link with them to implement certain action tasks described in Annex 1 of the GA.

The involvement of such entities must be clearly described in the proposal and will be assessed as part of the evaluation.

- More information in MSCA Guides for Applicants!



# Third parties in H2020



# Third parties – who does the work?


## Implementing action tasks


- Subcontractors
- Linked Third Parties
- International Partners (Art. 14a)

## Not implementing action tasks

- Contracts for goods, works and services
- Third parties providing in-kind contributions
- Third parties receiving financial support

# UKRO factsheet/FAQs on third parties




UK Research and Innovation


## Factsheet and Frequently Asked Questions on Third Parties in Horizon 2020

The involvement of third parties in Horizon 2020 projects often raises questions, not only at the proposal stage but also during the project's implementation. UKRO has prepared this factsheet, based on questions received from UKRO subscribers and sponsors, in the hope that it will prove a useful additional resource to the documents already available on the Participant Portal. The answers provided in this factsheet are based on the Annotated Model Grant Agreement and information obtained from the European Commission.

### Table of Contents

- General questions ..... 1
- Choosing third parties for Horizon 2020 projects ..... 3

*This section includes a decision tree, which can be used to help determine the most suitable option for engaging third parties in Horizon 2020 and a summary table of all available options.*



Third party	Project grant	Indirect grant	Article 14a	Article 14b	Article 14c	Article 14d	Article 14e	Article 14f	Article 14g	Article 14h	Article 14i	Article 14j	Article 14k	Article 14l	Article 14m	Article 14n	Article 14o	Article 14p	Article 14q	Article 14r	Article 14s	Article 14t	Article 14u	Article 14v	Article 14w	Article 14x	Article 14y	Article 14z
Subcontract	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Linked third parties	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
In-kind contributions	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
International partners	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Financial support	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
More information	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

- Subcontracts and contracts for goods, works and services ..... 4
- Linked third parties ..... 6
- In-kind contributions provided against payment/free of charge ..... 8
- International partners under Article 14a ..... 10
- Financial support to third parties ..... 13
- More information ..... 14

### General questions

**Q. What are 'third parties' in Horizon 2020?**

'Third parties' is a collective term for all organisations (or individuals) that are involved in a Horizon 2020 action but have not signed the grant agreement. Third parties do not receive the EU contribution directly from the Commission but from the beneficiary that they work with on the action.

Depending on the beneficiary's needs, third parties can be directly involved in the implementation of the action tasks (e.g. linked third parties) or not (e.g. contracts for goods, works and services).

**Q. Do third parties need a PIC number?**

It is recommended that all organisations involved in the action have at least a 'declared' PIC number. However, it is only mandatory for beneficiaries and their linked third parties to have a PIC.

June 2019 - This factsheet reflects information available on the date issued. UKRO factsheets are produced for the benefit of staff in UKRO sponsor and subscriber institutions only.

1

RESOURCES ▾
ELO AREA ▾

UKRO WEBINARS

COVID-19 ADVICE

GREEN DEAL

FACTSHEETS

[https://www.ukro.ac.uk/subscriber/Factsheets/factsheet\\_faq\\_third\\_parties.pdf](https://www.ukro.ac.uk/subscriber/Factsheets/factsheet_faq_third_parties.pdf)

# Subcontractors - Article 13 MGA

Subcontractors participate in the action by **carrying out action tasks FOR the beneficiary** (implement action tasks).

They are not beneficiaries and have **no direct obligations** under the grant agreement (but their beneficiaries must ensure that they comply with certain key obligations).

- **Subcontractors work without direct supervision of beneficiary;**
- Normally, **only limited parts of the action can be subcontracted**; tasks of the coordinator cannot be subcontracted.
- **Subcontractors charge a price** (which usually includes a profit), NOT actual costs.
- Two main rules to follow: **ensuring best value for money and avoiding conflict of interest.**

# Subcontractors - Article 13 MGA

- **Contracting authorities/entities must comply with EU rules on public procurement** (launch tenders).
- Private for profit entities must **ensure best value for money by providing at least three quotes** (or alternative evidence).
- **Estimated costs and tasks must be identified** in the budget table ('Subcontracting' budget category) and Annex 1.
- If not identified in Annex 1, **subcontracts can be added by means of an amendment/simplified approval** procedure.

Subcontracts do not attract overheads!

# Contracts – Art. 10

Contractors provide goods, works and services that are required by the beneficiary to implement action tasks – They do not implement actions tasks themselves.

- These goods, works and services are normally **limited in value and scope** (Used to be called ‘minor subcontracts’ in the past).
- **Contractors charge a price** (which usually includes a profit).
- Costs are included in ‘**Other direct costs**’ category.
- Two main rules to follow: **ensuring best value for money and avoiding conflict of interest** (same as subcontractors).
- Do **not** need to be indicated in Annex 1.
- Example: CFS (Audit certificate)

Subcontract in  
FP7!

# Contracts vs subcontracts

<b>Article 10</b> <b>Contracts to purchase goods, works or services</b>	<b>Article 13</b> <b>Subcontracts</b>
<p>These contracts do not cover the implementation of action tasks, but they are necessary to implement action tasks by beneficiaries.</p>	<p>Subcontracts concern the implementation of action tasks; they imply the implementation of specific tasks which are part of the action and are described in Annex 1.</p>
<p>Do not have to be indicated in Annex 1.</p>	<p>Must be indicated in Annex 1.</p>
<p>The price for these contracts will be declared as 'other direct costs' — column D in Annex 2 — in the financial statement; they will be taken into account for the application of the flat-rate for indirect costs.</p>	<p>The price for the subcontracts will be declared as 'direct costs of subcontracting' — column B in Annex 2 — in the financial statement; they will not be taken into account for the application of the flat-rate for indirect costs.</p>

Source: [Annotated MGA v.5.1](#)

# In kind contributions – Art. 11& 12

Such third parties do not implement action tasks directly, but **provide non-financial resources to enable the beneficiary** to implement them.

In-kind = non-financial contributions (e.g. personnel/equipment)

- Must be set indicated in Annex 1 and **recorded in the accounts of the third party**.
- Third parties **claim actual costs** => invoice=> beneficiary's costs (not their economic activity = no price charged).
- If not identified in Annex 1, in kind contributions **can be added by means of an amendment**/simplified approval procedure.
- If provided free of charge, they might **constitute receipts on the action** and will be deducted from the total grant amount.



# Third parties - In kind contributions in proposals

How indirect costs will be identified in the budget table depends on where the resources will be used.

This page is valid for:  
RIA single stage  
RIA stage 2 of 2



European Commission  
Research & Innovation - Participant Portal  
Proposal Submission Forms

Proposal ID

Acronym

Go to

## 3 - Budget for the proposal

No	Participant	Country	(A) Direct personnel costs/€	(B) Other direct costs/€	(C) Direct costs of sub- contracting/€	(D) Direct costs of providing financial support to third parties/€	(E) Costs of inkind contributions not used on the beneficiary's premises/€	(F) Indirect Costs / € (=0.25(A+B-E))	(G) Special unit costs covering direct & indirect costs / €	(H) Total estimated eligible costs / € (=A+B+C+D+F +G)	(I) Reimburse- ment rate (%)	(J) Max.EU Contribution / € (=H*I)	(K) Requested EU Contribution/ €
			?	?	?	?	?	?	?	?	?	?	?
1			0	0	0	0	0	0,00	0	0,00	100	0,00	0,00
	Total		0	0	0	0	0	0,00	0	0,00		0,00	0,00

Source: [Proposal template 2018-2020 \(RIA, IA\)](#)

# Linked third parties – Article 14

Either affiliated entities, or third parties with a widely understood legal link (predating the GA and lasting until after the project end date)

Linked third party itself performs certain action tasks directly and is responsible for them towards the beneficiary.

- They are ‘semi-beneficiaries’ and **will be treated for many issues (including cost eligibility) like beneficiaries.**
- They **must also fulfil the same conditions for participation** as beneficiaries.
- **LTPs require a PIC** and must be named in Annex 1.
- Commission/Agency **may request that they accept joint and several liability** for the EU contribution.

# Linked third parties – Article 14

- LTPs can implement various action tasks, **but if these are substantial, they should be beneficiaries.**
- LTPs can declare costs in the same budget categories as beneficiaries (**including subcontracting!**)
- Each LTP linked to a beneficiary **must declare its own costs.**
- If applicable, **they must submit their own CFS** (audit certificate), **through the beneficiary** – do not include their costs in your own CFS!
- Must comply with several GA obligations (record-keeping, avoiding conflict of interest, maintaining confidentiality, etc.)

# International partners – Article 14a

‘International partner’ can be any legal entity established in a non-associated third country that is NOT eligible for funding in Horizon 2020.

- **Introduced in February 2017** to help entities that cannot sign the GA for legal reasons (public institutions in USA/Canada).
- International partners **implement action tasks**.
- They must NOT be eligible for Horizon 2020 funding, but their costs must be **estimated in Annex 2**:
  - will not be reimbursed; and
  - will not be taken into account for the calculation of the grant.

# International partners – Article 14a

- **AMGA v.5.0**: Beneficiaries with GAs older than v.4.0 may ask for an **amendment to introduce new international partners** in accordance with Article 55.
- The **beneficiaries must ensure** that their obligations under Articles 18.1.1, 20.3(a), 20.4(a), 35, 36, 38 also apply to their international partners.
- Beneficiaries must ensure that the Commission, the European Court of Auditors (ECA) and the European Anti-Fraud Office can exercise their rights under Articles 22 and 23 also towards their international partners.

# Article 14a – participation in projects

## Top Participating Countries - Regions

Country	H2020 Participations	%	H2020 Net EU Contribution
<b>Totals</b>	<b>145</b>	<b>100,0%</b>	<b>€ 0</b>
United States	51	35,2%	€ 0
China (People's Republic of)	36	24,8%	€ 0
Canada	18	12,4%	€ 0
India	11	7,6%	€ 0
Korea (Republic of)	6	4,1%	€ 0
Japan	5	3,4%	€ 0
Taiwan	4	2,8%	€ 0
Brazil	3	2,1%	€ 0
Australia	3	2,1%	€ 0
Hong Kong	2	1,4%	€ 0
Mexico	2	1,4%	€ 0
New Zealand	2	1,4%	€ 0
Russian Federation	1	0,7%	€ 0
Singapore	1	0,7%	€ 0

Source: [Horizon 2020 Dashboard](#) (data last loaded on 5 November 2020)

# Financial support to third parties – Art. 15

Option only allowed if foreseen in the relevant Work Programme part of Horizon 2020.

- Financial support (cascaded funding) **can take various forms:** prizes for SMEs, research scholarships/fellowships, reimbursement of costs for participating in an activity...
- **Should not exceed €60 000 (per third party)**, unless allowed by the WP.
- Must be indicated in Annex 1 (**detailed conditions for awarding the funding**) – in accordance with the WP.
- The beneficiaries must ensure that the **third parties comply with some GA obligations** (avoiding conflict of interest, promoting the action, maintaining confidentiality...)

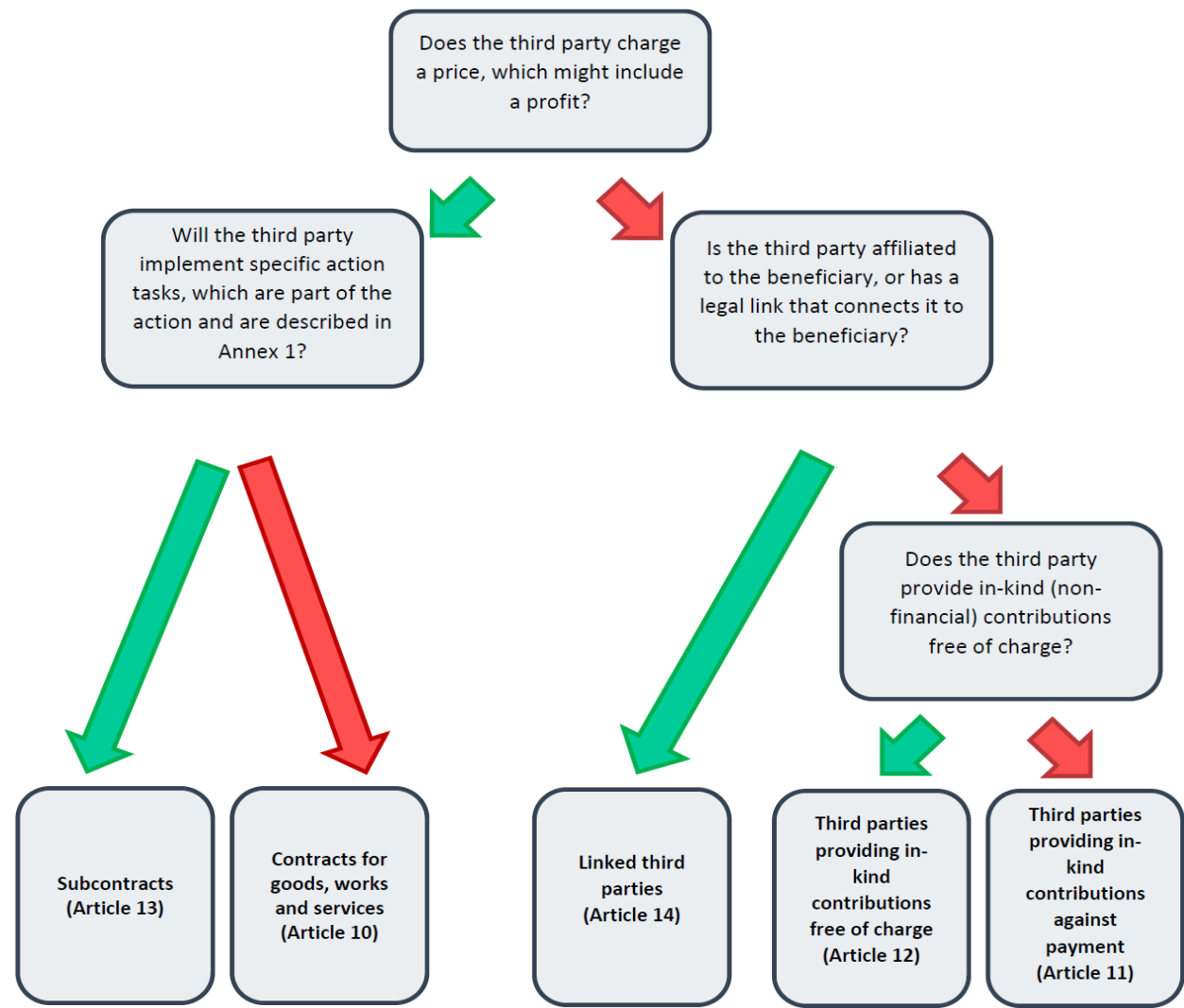
# Third parties – Summary

TYPE	CHARACTERISTICS						
	Works on action tasks?	Provides resources or services for action?	What is eligible?	Must be indicated in Annex 1?	Indirect costs?	Selecting the third party	GA articles
Linked third party	YES	NO	Costs	YES	YES	Must be affiliated or have a legal link and be eligible for funding	Article 14
International partners	YES	NO	N/A	YES	N/A	Must not be eligible for funding	Article 14a
Subcontractor	YES	NO	Price	YES	NO	Must be best value for money, avoid conflict of interest	Article 13
Third party providing in-kind contribution	NO	YES	Costs	YES	YES	May not be used to circumvent the rules	Articles 11 and 12
Contractor (selling, equipment, good or service)	NO	YES	Price	NO	YES	Must be best value for money, avoid conflict of interest	Article 10
Third parties receiving financial support <sup>31</sup>	The third parties participate in the action as recipients.		Amount of support given	YES	NO	According to the conditions in Annex 1	Article 15


Source: [Annotated MGA v.5.1](#)




# Selecting the right third parties



# UKRO factsheet/FAQs on third parties




UK Research and Innovation


## Factsheet and Frequently Asked Questions on Third Parties in Horizon 2020

The involvement of third parties in Horizon 2020 projects often raises questions, not only at the proposal stage but also during the project's implementation. UKRO has prepared this factsheet, based on questions received from UKRO subscribers and sponsors, in the hope that it will prove a useful additional resource to the documents already available on the Participant Portal. The answers provided in this factsheet are based on the Annotated Model Grant Agreement and information obtained from the European Commission.

### Table of Contents

- General questions ..... 1
- Choosing third parties for Horizon 2020 projects ..... 3

*This section includes a decision tree, which can be used to help determine the most suitable option for engaging third parties in Horizon 2020 and a summary table of all available options.*



Third party	Project grant	Researcher grant	Marie Skłodowska Curie grant	Marie Skłodowska Curie grant	Marie Skłodowska Curie grant	Marie Skłodowska Curie grant	Marie Skłodowska Curie grant
Subcontract	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Linked third parties	Yes	Yes	Yes	Yes	Yes	Yes	Yes
In-kind contributions	Yes	Yes	Yes	Yes	Yes	Yes	Yes
International partners	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Financial support	Yes	Yes	Yes	Yes	Yes	Yes	Yes

- Subcontracts and contracts for goods, works and services ..... 4
- Linked third parties ..... 6
- In-kind contributions provided against payment/free of charge ..... 8
- International partners under Article 14a ..... 10
- Financial support to third parties ..... 13
- More information ..... 14

### General questions

**Q. What are 'third parties' in Horizon 2020?**

'Third parties' is a collective term for all organisations (or individuals) that are involved in a Horizon 2020 action but have not signed the grant agreement. Third parties do not receive the EU contribution directly from the Commission but from the beneficiary that they work with on the action.

Depending on the beneficiary's needs, third parties can be directly involved in the implementation of the action tasks (e.g. linked third parties) or not (e.g. contracts for goods, works and services).

**Q. Do third parties need a PIC number?**

It is recommended that all organisations involved in the action have at least a 'declared' PIC number. However, it is only mandatory for beneficiaries and their linked third parties to have a PIC.

June 2019 - This factsheet reflects information available on the date issued. UKRO factsheets are produced for the benefit of staff in UKRO sponsor and subscriber institutions only.

1

RESOURCES ▾
ELO AREA ▾

UKRO WEBINARS

COVID-19 ADVICE

GREEN DEAL

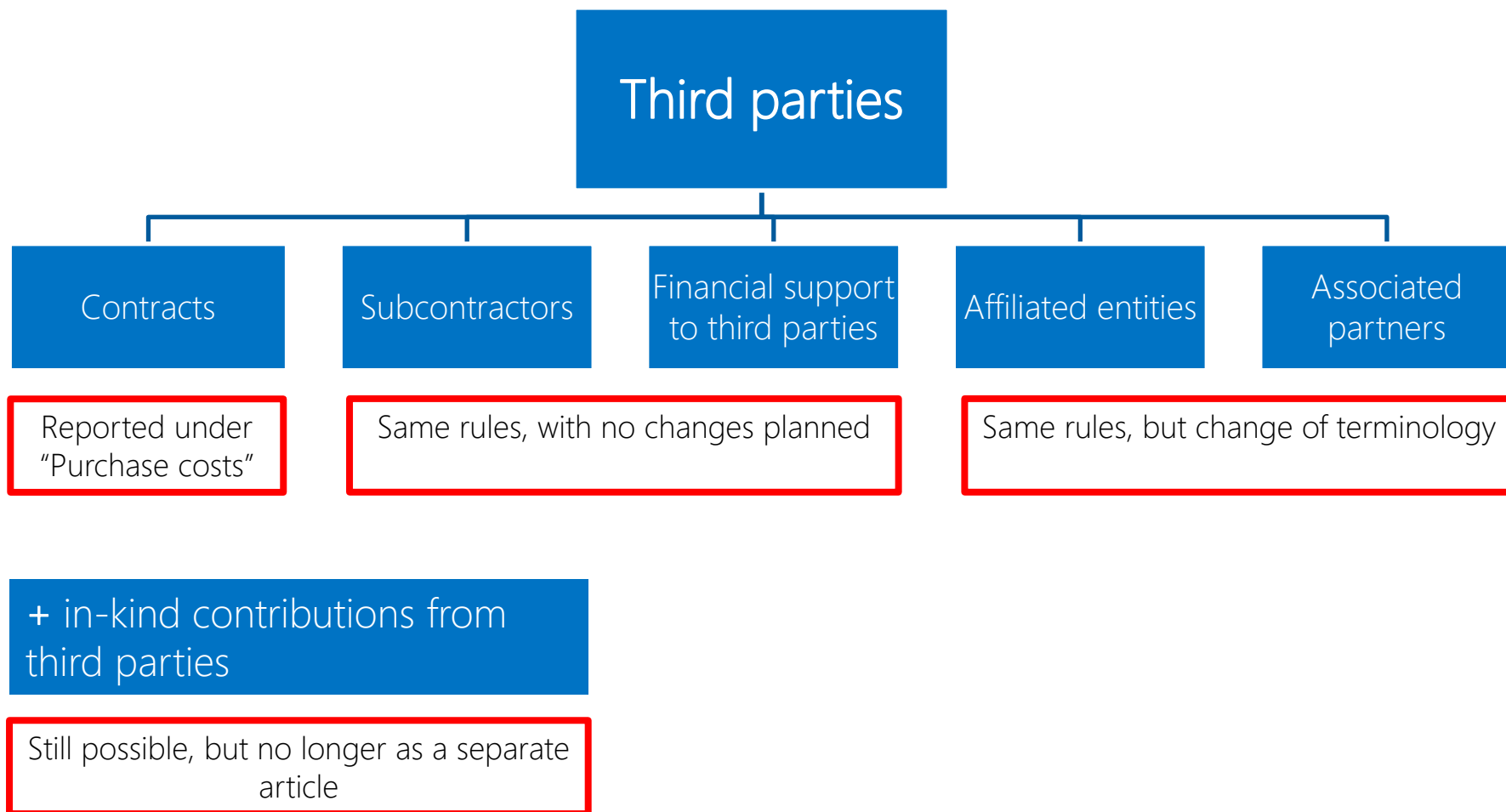
FACTSHEETS

[https://www.ukro.ac.uk/subscriber/Factsheets/factsheet\\_faq\\_third\\_parties.pdf](https://www.ukro.ac.uk/subscriber/Factsheets/factsheet_faq_third_parties.pdf)

# Third parties in Horizon Europe

## Planned changes

# Planned changes to third parties



# Horizon Europe General MGA - Annex 2

- Budget table – Contracts for goods, works or services

A. Personnel costs		B. Subcontracting costs	C. Purchase costs		
A.1 Employees (or equivalent)	A.4 SME owners and natural person beneficiaries		C.1 Travel and subsistence	C.2 Equipment	C.3 Other goods, works and services
A.2 Natural persons under direct contract					
A.3 Seconded persons					

\*Different tables for unit-based projects and for lump sums

# Horizon Europe General MGA - Annex 2

- Budget table – Contracts for goods, works or services

D. Other cost categories							
/D.1 Financial support to third parties /	/D.2 Internally invoiced goods and services /	/D.3 Trans-national access to research infrastructures /	/D.4 Virtual access to research infrastructures /	/D.5 PCP/PPI procurement costs /	/D.6 European Partnership Cofund additional coordination and networking costs /	/D.7 Euratom Cofund staff mobility costs /	/D.8 ERC additional funding /

\*Different tables for unit-based projects and for lump sums

# Questions?

Please use the ZOOM Q&A function!