



UK Research Office  
Brussels

# Horizon Emerging Leaders' Programme (HELP)

## Module 3

17 January 2024



# HELP – Contents

- **Module 1: EU Framework Programme Lifecycle and Budget – 15 November 2023**
- **Module 2: The Funding & Tenders Portal and Proposal Submission – 6 December 2023**
- **Module 3: Legal and Financial Matters in Horizon Europe – 17 January 2024**

## Evaluation of M1-M3

- **Module 4: Horizon Europe Clusters (incl. general criteria for projects) – 7 February 2024**
- **Module 5: Horizon Europe Missions**
- **Module 6: European Innovation Council**
- **Module 7: Marie Skłodowska Curie Actions**
- **Module 8: European Research Council**
- **Module 9: Gender in Horizon Europe**
- **Module 10: International cooperation in Horizon Europe**



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## Housekeeping

# Contents

1. **The Horizon Europe Model Grant Agreement** – Chris Young, Innovate UK
2. **Financial aspects of projects** – Błażej Thomas, UKRO
3. **Q&A**

**Objective:** To ensure that ELOs are familiar with the legal and financial framework of Horizon Europe projects and that they understand the main principles for costing bids/implementing Horizon projects.



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# Horizon Europe – the Model Grant Agreement

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17<sup>th</sup> January 2024



**HORIZON EUROPE**

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

# Horizon Europe National Contact Points (NCPs)

Team of country based, sector specific, advisors to support everyone to successfully participate in EU Framework Programmes

- Raising Awareness of the programme
- Finding the right Topic
- Identifying the best ways to find partners
- Navigating the portal
- Developing the proposal
- Answering questions
- Supporting you to succeed!

Full list of UK  
National Contact  
Points

NCPs for Europe  
and the rest of the  
world



# What is a National Contact Point (NCP)?

Team of sector specific advisors to support UK entities to successfully participate in Horizon Europe and to shape the direction of EU research agenda.



**Thought Leadership** – working with UK government, sector stakeholders, other nations, and European Commission to shape the future direction of research and innovation



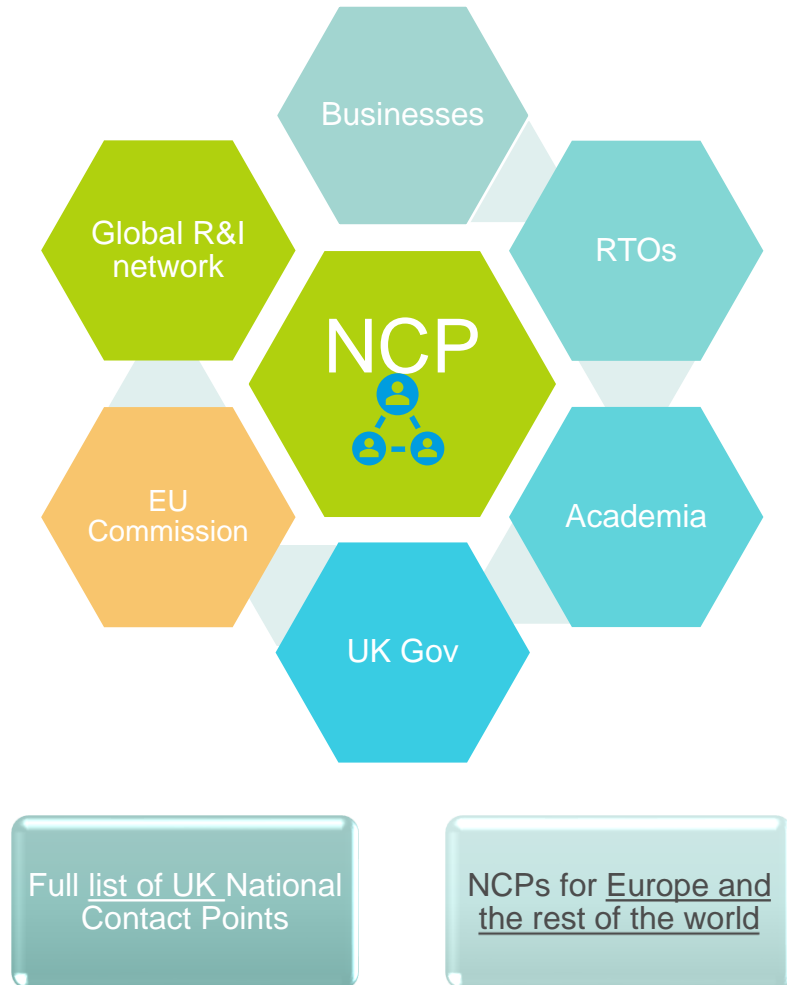
**Informing, awareness raising** – on all aspects of Horizon Europe rules, processes and participation



**Assisting, advising and training** – to improve the quality of Horizon Europe proposals with UK content to increase success rate



**Signposting and cooperation** – direct to relevant support and work with each other to support consortium development



# What is the grant agreement and why do I need it?

The grant agreement is the contractual document signed with a 'granting authority' (e.g. the Commission or one of its executive agencies) defining



## YOUR RIGHTS

e.g.:

- **To receive EU funding**, under the terms and conditions defined in the grant agreement, to help you to accomplish your project
- **To own the results** of the project that you have generated
- **To ask for amendments** of the grant agreement (if something needs to be changed)



## YOUR OBLIGATIONS

e.g.:

- **To Implement the project** as planned in the description of the action (Annex 1 to the grant agreement)
- **Submit reports** at the time and for the periods defined in the grant agreement
- **Display the EU emblem and reference to Horizon Europe funding** (e.g. information material, equipment funded by the grant, major results);

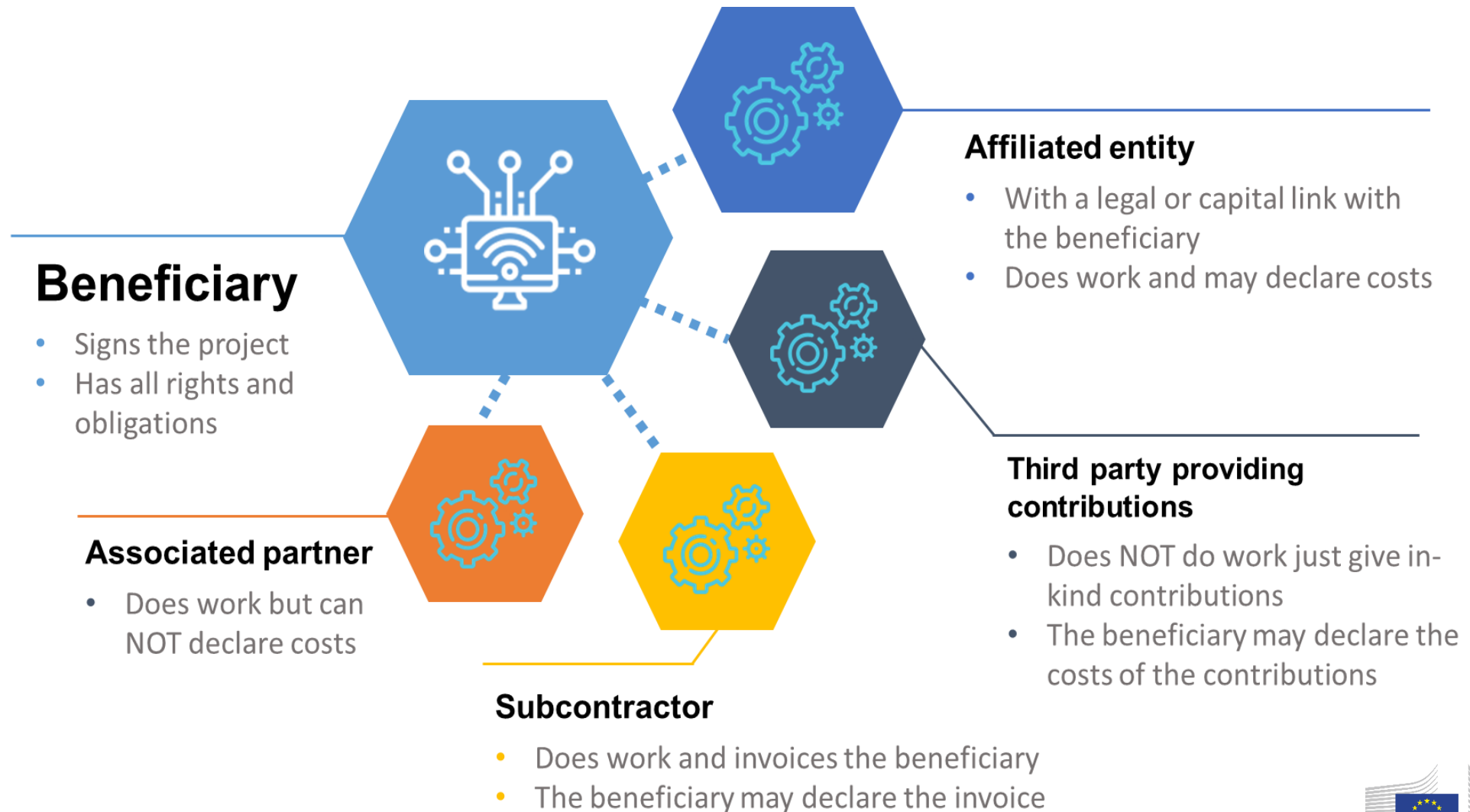


## HOW MUCH MONEY YOU CAN GET

*Overall, the granting authority can never pay*

- **more than the maximum grant amount fixed in the grant agreement.**
- **But it may pay less; e.g. if the project costs at the end are less than budgeted**

# How can I participate in the grant agreement?



# How does the Horizon Europe grant agreement look like?



## e-GRANT

- The Horizon Europe grant agreement and its management are **fully electronic**. This is from the signature of the grant until its end, all actions and communications will flow via the Funding & Tenders Portal ('the Portal').



## CORPORATE STRUCTURE

- The Horizon Europe grant agreement is based on a **Commission-wide model** (so-called '**Corporate Model Grant Agreement**')



## SPECIFIC ANNEX 5

Some important Horizon Europe specific rights and obligations are part of this annex 5, like:

- **Security**
- **Ethics**
- **Values (i.e. gender mainstreaming)**
- **IPR**
- **Communication, Dissemination, Open Science and Visibility**
- **Specific rules for carrying out the action**

# Horizon Europe General MGA

[Version 1 published on 25 February 2021 on the Funding and Tenders Portal](#)

**Programming period**

2021-2027

Horizon Europe (HORIZON)

Clear filter

## Reference Documents

### Grants

This page includes reference documents of the programmes managed on the EU Funding & Tenders portal starting with legal documents and the Commission work programmes up to model grant agreements and guides for specific actions.

Please select the programme to see the reference documents.

### Procurement

Reference Documents related to tendering opportunities are published on [TED eTendering](#) in the calls for tenders.

Filter

Expand all

- Legislation
- Work programme & call documents
- Grant agreements and contracts
- HE General MGA v1.0

# Corporate features of the Horizon Europe MGA

## more user-friendly structure and readability

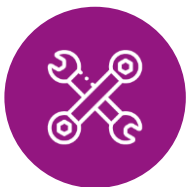
- Data Sheet
- Common numbering
- Common labelling ('granting authority'; 'affiliated entity')
- Grouping of provisions for
  - Types of participants and their roles
  - Rules concerning project implementation
  - Payments and recoveries
  - Certificates (CFS, SPA)

## Improved content & features

- reporting explicitly divided into continuous and periodic reporting
- Amendment procedure for BEN termination, GA suspension + GA termination by consortium (instead of Formal Notification)
- less descriptive provisions (reference to published templates)

## Alignment with new Financial Regulation (FR 2018)

- reduction/suspension/termination grounds
- Receipts (only for profit legal entities)



# Corporate structure of the HE MGA



## Core Part

### Datasheet

a summary of the specific data of the grant agreement

### Articles

grouped in six chapters

1. General Data
2. Participant
3. Grant
4. Reporting, payment and recoveries
5. Consequences of non-compliance, applicable law and dispute settlement forum
6. Specific rules Annex 5 & Standard time-limits after project end

- Chapter 1** – General (Articles 1-2)
- Chapter 2** – Action (Articles 3-4)
- Chapter 3** – Grant (Articles 5-6)
- Chapter 4** – Grant Implementation (Articles 7-26)
- Chapter 5** – Consequences of non-compliance (Articles 27-35)
- Chapter 6** – Final provisions (Articles 36-44)

# Corporate structure - Annex 2 (general HE MGA cost categories)



## A. PERSONNEL COSTS

- **A.1** Employees
- **A.2** Natural persons under direct contract
- **A.3** Seconded persons
- **A.4** SME owners and natural person beneficiaries



## B. SUBCONTRACTING COSTS



## C. PURCHASE COSTS

- **C.1** Travel and subsistence
- **C.2** Equipment
- **C.3** Other goods, works and services



## D. OTHER COST CATEGORIES

- **D.1** Financial support to third parties
- **D.2** Internally invoiced goods and services
- **[D.3 Transnational access to research infrastructure unit costs]**
- **[D.4 Virtual access to research infrastructure unit costs]**
- **[D.5 PCP/PPI procurement cost]**
- **[D.6 Euratom Cofund staff mobility costs]**
- **[D.7 ERC additional funding]**
- **[D.8 ERC additional funding (subcontracting, FSTP and internally invoiced goods and services)]**



## E. INDIRECT COSTS

# Corporate Structure – Annex 5 (for Horizon Europe)

## Annex 5 Special Rules

- **Security** (Article 13)
- **Ethics** (i.e. research integrity) (Article 14)
- **Values** (i.e. gender mainstreaming) (Article 14)
- **IPR** (Article 16)
- **Communication, Dissemination, Open Science and Visibility** (Article 17)
- **Specific rules for carrying out the action** (Article 18)
  - recruitment and working conditions,
  - specific rules for access to research infrastructure actions,
  - specific rules for PCP and PPI procurements,
  - specific rules for co-funded partnerships,
  - specific rules for ERC actions,
  - specific rules for EIT-KIC actions,
  - specific rules for MSCA actions
  - specific rules for EIC actions

Disclaimer: Information not legally binding



# Main changes at a glance



**Certificate**  
**Systems and Process Audit (NEW)**

**Affiliated Entity**  
**Change of terminology**

**Associated Partner**  
**Third party specific status**

**Open Science**  
**Enhanced practices**

**IPR & Exploitation**  
**Horizon Results Platform**

**Personnel costs**  
**Corporate daily rate**

**Internal Invoicing**  
**Actual indirect costs**

**In-kind contributions against payment**  
**No more specific Article**

**Indirect costs**  
**Overall continuity with 25% flat-rate (with exceptions)**

**CFS Thresholds**  
**Higher thresholds**

**Corporate MGA**  
**Terminology, Data Sheet & Annex 5**

# Affiliated entities

Article 187 (1)(b) of the EU Financial Regulation:

Entities *'that have a link with the beneficiary, in particular a legal or capital link, which is neither limited to the action nor established for the sole purpose of its implementation'*.

**Affiliated entities in Horizon Europe = Linked third parties in Horizon 2020**

(alignment of labelling/definition in the corporate context)

# Associated Partner (AP)

- Inherited and derived from the **'International partner'** status in H2020 MGA
- **Corporate terminology** and status with the following features:
  - AP does work but cannot declare costs
  - AP can be linked:
    - either to one or more beneficiaries
    - or with the whole consortium
- The beneficiaries must ensure that some of MGA obligations also applied to AP (*i.e. Articles 11 (proper implementation), 12 (conflict of interests), 13 (confidentiality and security), 14 (ethics), 17.2 (visibility), 18 (specific rules for carrying out action), 19 (information) and 20 (record-keeping)*)

# The Consortium Agreement

- Most consortia use the DESCA Consortium Agreement <https://www.desca-agreement.eu/desca-model-consortium-agreement/>
- Governs the relationship between the consortium partners
- Includes distribution of funds, limits on liability, consortium meetings, IPR etc
- Consortium responsible for the implementation of the actions tasks by the Associated Partner
- Who signs and when?
- Belgium law applies (insurance)



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# Financial aspects of Horizon Europe projects

Błażej Thomas  
Senior European Advisor



# Types of costs

There are four main types of costs in Horizon Europe:

## Actual costs

- Individual cost items which must meet the general and specific conditions to be eligible (e.g. incurred directly by the beneficiary, during the project's duration, etc.

## Unit costs

- Set amounts per unit (e.g. person month in MSCA). The relevant amount is multiplied by the number of units, with the grant amount dependent on the actual number of units.

## Flat rates

- A percentage applied to other types of costs.
- Indirect costs - 25% flat rate on direct eligible costs.

## Lump sums

- A global amount set by the EC and paid at the end of a completed task/Work Package

# Budget categories

- For collaborative projects these are:



## Other direct costs

In Horizon Europe these include (depending on the type of action):

D.1 Financial support to third parties

D.2 Internally invoiced goods and services

D.3 Transnational access to research infrastructure unit costs

D.4 Virtual access to research infrastructure unit costs

D.5 PCP/PPI procurement costs

D.6 Euratom Cofund staff mobility costs

D.7 ERC additional funding

D.8 ERC additional funding (subcontracting, FSTP and internally invoiced goods and services)

# Direct and indirect costs

## Direct costs

Costs that are directly linked to the action implementation and can therefore be attributed to it directly. They **must not** include any indirect costs, unless specifically allowed by the Commission (e.g. unit costs for internal invoicing).

## Indirect costs

Costs that are not directly linked to the action implementation and therefore cannot be attributed to it directly.

Indirect costs will be reimbursed at a **flat rate of 25% of the eligible direct costs**, except for: subcontracting costs, financial support to third parties and exempted specific cost categories such as unit costs for internal invoicing).

## Eligible costs - General criteria for actual costs:

they must be actually incurred by the beneficiary

they must be incurred in the period set out in Article 4 (with some minor exceptions)

they must be declared under one of the budget categories set out in Article 6.2 and Annex 2

they must be incurred in connection with the action as described in Annex 1 and necessary for its implementation

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

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

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

## Ineligible costs

- costs related to return on capital and dividends paid by a beneficiary
- debt and debt service charges
- **provisions for future losses or debts**
- interest owed
- **currency exchange losses**
- bank costs charged by the beneficiary's bank for transfers from the granting authority
- excessive or reckless expenditure
- deductible or refundable VAT (including VAT paid by public bodies acting as public authority)
- costs incurred or contributions for activities implemented during grant agreement suspension.

# Budget transfers

- Beneficiaries may **transfer budget among themselves/affiliated entities or between budget categories** (without notifying the Granting Authority and requesting an amendment) and — at the time of reporting — **declare costs that are different from the estimated budget** provided that the action remains in line with the description of the action in Annex 1.
- However, the following transfers are not allowed without an amendment:
  - in case of costs relating to subcontracts not provided for in Annex 1 (needs an amendment or simplified approval procedure)
  - in case of any amounts set out as lump sums
  - Transfers resulting from a change in Annex 1



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# Budget categories



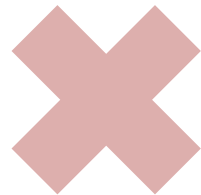
# Personnel costs – new calculation

- **Discontinuation of the different formulas (annual and monthly)** and options for productive hours (entailing difficult and error-prone calculations)
- **No more ‘last closed financial year’ rule / hourly rate.**
- Instead, use of a **mandatory single corporate daily rate:**

## Day equivalents

Up to a  
declarable  
maximum of:

{((215 / 12)  
multiplied by the  
number of months  
within the reporting  
period) multiplied  
by the working  
time factor}



## Daily rate

{actual personnel  
costs during the  
months within the  
reporting period}  
Divided by  
{maximum  
declarable day  
equivalents}



## Personnel cost

To be calculated  
per person for  
each reporting  
period/calendar year

## Personnel costs – reporting

### Average number of hours specified in empl. contract

- Conversion based on the **average number of hours** the person must work per day **according to their contract** (e.g. 7.5 hours)

### Usual standard annual productive hours

- Conversion based on the usual **standard annual productive hours** of the beneficiary, if it's at least 90% of the workable time (continuity with H2020)

### Fixed number of hours = 8 hours/day

- Conversion based on a fixed number of hours (e.g. for beneficiaries with no reference in the contracts and without SAPH: **1 day equivalent = 8 hours**)

## Purchase costs

- Must fulfil the general eligibility conditions and are bought using the beneficiary's usual purchasing practices.
- **Must ensure best value for money** (or if appropriate the lowest price) and **no conflict of interest**.
- They include:

Travel,  
accommodation and  
subsistence (C.1)

Equipment (C.2)

Other goods, works  
or services, if  
necessary to  
implement the  
action (C.3)

# Subcontracting

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.**

# Subcontracting

- Contracting authorities/entities must comply with EU rules on public procurement (launch tenders).
- Private for-profit entities can 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!**

# Third parties in Horizon Europe

## Third parties

Subcontractors

Affiliated Entities

Associated Partners

Contractors  
(goods,  
works and  
services)

Third parties providing in-kind contributions

Financial support to third parties

Free of charge

Against payment

Always codify the participation of third parties in your project using one of the relevant articles from the GA!

# Third parties in Horizon Europe

## Third parties

Subcontractors

Affiliated Entities

Associated Partners

Implement action tasks = perform project activities identified in Annex 1

Contractors (goods, works and services)

Third parties providing in-kind contributions

Financial support to third parties

Free of charge

Against payment

Do not implement action tasks but **enable** the beneficiary to do so

# Other key changes from Horizon 2020

## Internally Invoiced Goods and Services

- In Horizon Europe, it is necessary to include actual indirect costs (allocated via key drivers) in the unit cost calculation, instead of using the standard 25% flat rate for overheads.

## Threshold for Certificates on Financial Statements (CFS)

- The standard threshold for a CFS increased from €325 000 in Horizon 2020 to €430 000 in Horizon Europe. There is also a higher CFS threshold (€725 000) for beneficiaries with the best classification under the so-called Systems and Processes Audit (SPA)

## Systems and Processes Audit (SPA)

- The Systems and Processes Audit (SPA) is a new element of the control strategy in Horizon Europe designed to reduce administrative burden for selected beneficiaries by resulting in fewer and more focused audits.

## In-kind contributions provided by third parties against payment

- No dedicated MGA article dealing with in-kind contributions against payment – such costs must be claimed under the relevant budget categories (e.g. personnel/purchase costs)

# Audits

- Common Audit Service (CAS) is currently finalising the audit strategy for Horizon Europe.
- Commission audits can be started, in principle, no later than 2 years after the payment of the balance by the Granting Authority.
- Commission audits can be conducted by CAS auditors directly, or by external audit firms appointed by the Commission.
- Other audits (OLAF, ECA) also possible.
- Indicative Audit Programme (similar to that in H2020) currently under development.

## What is coming next?

- New standardised unit costs option for personnel costs – details will be available shortly
- Updated draft Annotated MGA – date tbc
- Audit strategy and HEU Indicative Audit Programme
- Wider rollout of lump sums in Horizon Europe:
  - Approx. 5% of total expenditure in WP 2021-2022
  - Approx. 20% of total expenditure in WP 2023-2024
  - Approx. 50% of total expenditure by 2027
- Upcoming [EC information webinar on lump sum funding in Horizon Europe](#) (8 February)

# More information

- **Horizon Europe – Legal and Financial Basics Factsheet**

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## Horizon Europe Condensed

### The Legal and Financial Basics

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- **Legal and Finance Q&A (on the UKRO Portal)**

## Legal & Finance Q&A



This page provides answers to frequently asked questions about the legal and financial aspects of Horizon Europe.

It will be continuously updated with new articles, based on the questions we receive from subscribers.

### Horizon 2020 Legal & Finance Q&A

For a similar section with answers to FAQs on the legal and financial aspects of Horizon 2020 see our dedicated section [here](#).

Please note that the H2020 Q&A section has been archived and is no longer being updated.

[Open all](#)

General questions





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# Thank you



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