Model Grant Agreement
Horizon 2020 model Grant Agreement:

**Objectives**

- **Simplification**
  - Provisions
  - Wording

- **Flexibility**
  - To accommodate particularities

- **Coherence**
  - Within H2020 and with other EU programmes

- **Continuity**
  - Where possible and adequate

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Research and Innovation
Horizon 2020 model Grant Agreement:

**Electronic communication**

**Electronic signature**
- *Of the Grant Agreement*
- *Of the Amendments*
- *Financial Statements and Technical reports*

**Communication between the Commission and the beneficiaries**
- *Through the Participant Portal*
- *Electronic-only submission of reports*
Horizon 2020 model Grant Agreement:

Specific models

- ERC MGAs
- Marie-Sklodowska Curie MGAs
- SME instrument MGAs
- Co-fund MGAs
Horizon 2020 model Grant Agreement:

A single document with all provisions

- Core text
- Special clauses
- General conditions
  - Annex II
- Specific provisions
  - Annexes III

FP7

Disclaimer: Information not legally binding
Chapter 1: General
- Single article: subject of the agreement

Chapter 2: Action
- Action, duration and budget

Chapter 3: Grant
- Amount, reimbursement rates, eligible costs

Chapter 4: Rights and obligations
- To implement the action: resources, in-kind contributions, subcontracts
- Grant administration: reporting, payments, audits
- Background and results: access rights, protection of results, exploitation, dissemination
- Others: gender equality, ethics, confidentiality

Chapter 5: Division of roles
- Roles and responsibilities, internal arrangements

Chapter 6: Rejection, reduction, penalties, termination, etc
- Rejection, reduction, recovery and penalties
- Suspension and termination of the action

Chapter 7: Final provisions
- Accession, entry into force, amendments, applicable law

Disclaimer: Information not legally binding
Horizon 2020 model Grant Agreement:

Annexes to the grant

- Annex 1: Description of the action
- Annex 2: Estimated budget
- Annex 3: Accession Forms, 3a & 3b
- Annex 4: Financial statements
- Annex 5: Certificate on the financial statements
- Annex 6: Certificate on the methodology
## 1. Funding rate

### One project = One rate for research actions

- For all beneficiaries and activities in the grant.
- Defined in the Work Programme:
  - Up to 100% of the eligible costs for research actions;
  - Up to 70% for innovation actions (exception for non-profit organisations – up to 100%).

### Maximum reimbursement rates

<table>
<thead>
<tr>
<th></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>50% 75% (***)</td>
<td></td>
<td>100%</td>
</tr>
<tr>
<td>Collaborative project(****)</td>
<td>50% 75% (**)</td>
<td>50%</td>
<td>100%</td>
</tr>
<tr>
<td>Coordination and support action</td>
<td></td>
<td></td>
<td>100% (***&gt;)</td>
</tr>
</tbody>
</table>

(*) Research and technological development includes scientific coordination.
(**) For beneficiaries that are non-profit public bodies, secondary and higher education establishments, research organisations and SMEs.
(*** The reimbursement of indirect eligible costs, in the case of coordination and support actions, may reach a maximum 7% of the direct eligible costs, excluding the direct eligible costs for subcontracting and the costs of resources made available by third parties which are not used on the premises of the beneficiary.
(****) Including research for the benefit of specific groups (in particular SMEs)
2. Single indirect costs rate

Simplifying project management and removing recurrent errors.

Real?

60%?

20%?

Simplified?

Single model: 25% Flat Rate

Disclaimer: Information not legally binding
### 3. Funding model: what impact on the EU contribution?

**An example**

<table>
<thead>
<tr>
<th>Funding Model</th>
<th>Direct costs</th>
<th>Indirect costs (25%)</th>
<th>Total costs</th>
<th>% EU contribution</th>
<th>EU contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>75 / 60 Funding</td>
<td>100</td>
<td>60</td>
<td>160</td>
<td>75%</td>
<td>€120</td>
</tr>
<tr>
<td>100 / 25 Funding</td>
<td>100</td>
<td>25</td>
<td>125</td>
<td>100%</td>
<td>€125</td>
</tr>
</tbody>
</table>

Note: In FP7, most Universities and more than a half of the Research Organisations applied the 60% flat-rate for indirect costs.
4. Forms of costs

**Actual costs**
- Costs actually incurred, identifiable and verifiable, recorded in the accounts, etc.
  - NEW: non-deductible VAT paid is also eligible

**Unit costs**
- A fixed amount per unit determined by the Commission.
  - Example: SME owners' unit cost
- For average personnel cost (based on the usual accounting practices)

**Flat rate**
- A percentage to be calculated on the eligible costs
  - Example: Indirect costs = 25% Direct costs

**Lump sum**
- A global amount to cover one or several cost categories
  - Example: Phase 1 of the SME instrument

Disclaimer: Information not legally binding
### 4. Forms of costs and Budget categories

<table>
<thead>
<tr>
<th>FORMS OF COSTS</th>
<th>BUDGET CATEGORIES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DIRECT COSTS</td>
</tr>
<tr>
<td></td>
<td>Personnel</td>
</tr>
<tr>
<td>Actual costs</td>
<td>✓</td>
</tr>
<tr>
<td>Unit costs</td>
<td>Yes for</td>
</tr>
<tr>
<td></td>
<td>- Average personnel costs</td>
</tr>
<tr>
<td></td>
<td>- SME owners &amp; natural persons without a salary</td>
</tr>
<tr>
<td>Flat-rate costs</td>
<td></td>
</tr>
<tr>
<td>Lump sum costs</td>
<td></td>
</tr>
</tbody>
</table>

| Yes if foreseen by Comm. Decision |
## 4. Budget categories – budget transfers

<table>
<thead>
<tr>
<th>Budget transfers and re-allocation</th>
<th>Amendment needed?</th>
</tr>
</thead>
<tbody>
<tr>
<td>From one beneficiary to another</td>
<td>NO</td>
</tr>
<tr>
<td>From one budget category to another</td>
<td>NO</td>
</tr>
<tr>
<td>Re-allocation of Annex 1 tasks</td>
<td>YES</td>
</tr>
<tr>
<td>Transfers between forms of funding (actual costs, unit costs, etc)</td>
<td>YES if no budget was foreseen for the &quot;form&quot; receiving the transfer</td>
</tr>
<tr>
<td>New subcontracts</td>
<td>YES (strongly advised)</td>
</tr>
</tbody>
</table>
## 4. Budget categories – budget transfers

<table>
<thead>
<tr>
<th>Budget categories</th>
<th>Declared as unit costs</th>
<th>Declared according to the beneficiary's usual accounting practice /€</th>
<th>Declared as SME owner/manager unit costs</th>
<th>(F) Declared as actual costs /€</th>
<th>Declared as actual costs /€</th>
<th>Declared as actual costs /€</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Direct personnel costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B. Direct costs of subcontracting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C. Direct costs of financial support to third parties</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D. Other direct costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Beneficiary 1
- Declared as actual costs /€: 500,000
- Number of hours: 0
- Total /€ (C*D): 3213
- (F) Declared as actual costs /€: 150,000
- Total /€: 325,000

### Beneficiary 2
- Declared as actual costs /€: 0
- Number of hours: 300,000
- Total /€ (C*D): 0
- (F) Declared as actual costs /€: 0
- Total /€: 125,000

**Disclaimer:** Information not legally binding
5. Final grant amount - calculation

**Step 1** — Application of reimbursement rates to eligible costs

Total approved eligible costs (*actual costs, unit costs, flat-rate and lump sum costs, if any*) X reimbursement rate (*100% for research actions, 70% for innovation actions*)

**Step 2** — Limit to the maximum grant amount

The grant amount obtained in Step 1 is capped at the maximum grant amount set out in the GA. The grant amount following Steps 1 and 2 is the lower of the two amounts.

**Step 3** — Reduction due to the no-profit rule

Profit of the action = Grant amount obtained in Step 2 + Receipts - Total eligible costs of the action

- If Profit > 0 → grant amount obtained in Step 2 is reduced
- If Profit ≤ 0 → grant amount obtained in Step 2 is not reduced

**Step 4** — Reduction due to improper implementation or breach of other obligations under the GA at the payment of the balance

Final grant amount is the lower of the following two amounts obtained following Steps 1 to 3 or following Step 4.
5. Final grant amount - example

<table>
<thead>
<tr>
<th>EXAMPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maximum grant amount</td>
</tr>
<tr>
<td>-----------------------</td>
</tr>
<tr>
<td>200</td>
</tr>
</tbody>
</table>

**Step 1**
Total approved eligible costs $\times$ reimbursement rate

$$220 \times 100\% = 220$$

**Step 2**
The lower between Step 1 and the maximum amount of the grant

Lower between (220; 200) = 200

**Step 3**
Step 2 - profit of the action (Profit (only if positive) = Step 2 + receipts − Eligible cost)

$$200 - (200 + 30 - 220) \Rightarrow 200 - 10 = 190$$

**Step 4**
The lower between Step 3 and the reduced maximum grant amount (if any reduction)

Lower between (190; (200 - 20)) $\Rightarrow$ Lower between (190; 180) = 180

Disclaimer: Information not legally binding
6. Receipts

Income generated by the action (except for action’s results)

Income generated from the sale of assets purchased in the GA

Receipts

In-kind contributions:
- specifically for the action
- received free of charge

Financial contributions specifically assigned by the donors to finance the eligible costs

No-profit rule applied at project level, not per beneficiary!

Disclaimer: Information not legally binding
7. Personnel costs: overview

**CALCULATING PERSONNEL COSTS**

**ACTUAL PERSONNEL COSTS**
Calculation method defined in the model GA

**UNIT COSTS**
- Calculated by the beneficiary in accordance to its usual accounting practices
  
  *(Average personnel costs)*
- Fixed by the Commission for the owners of SME beneficiaries without a salary and natural persons without a salary

Disclaimer: Information not legally binding
Who? Only SME owners and beneficiaries that are natural persons **NOT** receiving a salary

What hourly rate? The amount per unit (EUR/hour worked on the action) set out in Annex 2:

Monthly living allowance for experienced researchers under IF actions of MSC /143 hours multiplied by country-specific correction coefficient / 100

How many hours can be declared? The total number of hours declared in EU/Euratom grants for an SME owner without a salary **in a year cannot be higher than 1 720 hours**

What amount can be declared? Personnel costs = Hourly rate set out in Annex 2 * number of actual hours worked for the action

Example for an Austrian SME owner not receiving a salary working full-time for the action in a year:

Hourly rate = EUR 4 650 / 143 * 104.8% = 34.07 Euro/hour

Personnel costs: 34.07 Euro/hour * 1 720 hours = EUR 58 600

Disclaimer: Information not legally binding
7. Personnel costs: novelties

✓ Less requirements for time records

Example: No time records for researchers working exclusively on the project.

✓ Wider acceptance of average personnel costs

Broadening the acceptance of usual cost accounting practices (including cost-centre approaches) as unit costs.

✓ Acceptance of additional remuneration

→ Limited to non-profit legal entities

→ Up to 8000 Euro/year/person working full-time exclusively in the action

→ Subject to specific conditions
8. Actual personnel costs: structure

TOTAL REMUNERATION

Standard remuneration

"Mandatory extras"
- Fixed by law or by contract to remunerate the main activity of the employee
- Payment not subject to discretion by the employer
- Not linked to a specific project
Examples: 13th month, hazardous work allowance, etc.

Additional remuneration

Other bonuses
- Only eligible for non-profit legal entities
- Subject to specific eligibility criteria
- Maybe triggered by the participation in a specific project

Disclaimer: Information not legally binding
**9. Actual personnel costs: calculation - I**

Actual Personnel Cost =

Hours worked for the project x Hourly rate

where

Hourly rate =

Annual personnel costs

Annual productive hours

- The hourly rate is to be calculated per financial year
- If the financial year is not closed at the time of reporting, the beneficiary must use the last closed financial year available.
9. Actual personnel costs: calculation - II

Use of the last closed financial year

Reporting period (example)

01/10/2014 - 31/03/2016

Hourly rates of 2015 will also be used for these months

ADVANTAGES FOR THE BENEFICIARIES

полнитель

- NO ADJUSTMENTS TO BE DECLARED IN THE NEXT PERIOD
- LEGAL CERTAINTY: NO DOUBTS ABOUT WHAT PERIOD AND WHAT DATA MUST BE USED FOR THE CALCULATION
- REMOVES ERRORS DUE TO INCORRECT CALCULATIONS FOR FRACTIONS OF A YEAR

Disclaimer: Information not legally binding
**9. Actual personnel costs: annual productive hours**

- **1720 hours**
- **Individual annual productive hours**
  - Formula: annual workable hours + overtime - absences
- **Standard annual productive hours**
  - According to the beneficiary's usual accounting practices;
  - Minimum threshold: annual productive hours $\geq 90\%$ of the standard workable hours

Disclaimer: Information not legally binding
9. Actual personnel costs: individual annual productive hours - example

- X a full-time researcher (works 8 hours/day, Monday to Friday) at Research Centre Z.
- X’s employment contract includes: 22 working days of annual leave, 8 days of public holidays.
- X worked 29 hours of overtime and was on sick leave for 5 days in the financial year covered by the reporting period in question.
- Annual actual personnel costs of the Research Centre Z for Researcher X: EUR 65 000

**Calculation of the individual annual productive hours:**

1. **Individual annual workable hours:**
   - 365 days — 104 days (Saturdays and Sundays) — 22 days (annual leave) — 8 days (public holidays) = 231 days
   - 231 days x 8 hours per day = 1 848 hours

2. **Individual annual productive hours for Researcher X:**
   - Annual working hours = 1 848
   - + overtime (hours) = 29
   - - annual sick leave (5 days x 8 hours) = 40
   ➔ individual annual productive hours for Researcher X = 1 837

Hourly rate = \[
\frac{\text{Annual personnel costs}}{\text{Annual productive hours}} = \frac{65\ 000}{1837} = 35,39 \text{ EUR/hour}
\]
9. Actual personnel costs: standard annual productive hours - example

- X a full-time researcher (works 8 hours/day, Monday to Friday) at Research Centre Z.
- X’s employment contract includes: according to national legislation: 22 working days of annual leave, 8 days of public holidays and 3 extra days of annual leave in the collective agreement.
- The Research Centre Z uses its usual cost accounting practices to calculate the hourly rate.
- Researcher X was 3 days on sick leave, 4 days in training and 9 days engaged in other unproductive activities.
- Annual actual personnel costs of the Research Centre Z for Researcher X: EUR 60 000

**Calculation of the standard annual productive hours:**

1. **Standard annual workable hours:**
   - 365 days — 104 days (Saturdays and Sundays) — 22 days (annual leave) — 8 days (public holidays) — 3 days (collective agreement) = 228 days
   - 228 days x 8 hours per day = 1 824 hours

2. **Standard annual productive hours for Researcher X:**
   - Annual workable hours = 1 824
   - - annual sick leave (3 days x 8 hours) = 24
   - - days of training (4 days x 8 hours) = 32
   - - other unproductive activities (9 days x 8 hours) = 72
   - standard annual productive hours for Researcher X = 1696

3. **Calculate the 90% of the standard annual workable hours**
   - 90 % of 1 824 hours = 1 642 hours

4. **Compare the number of standard annual productive hours with the 90% of the standard annual workable hours**
   - 1696 hours > 1642 hours -> Research Centre Z must use the standard annual productive hours

**Hourly rate** = \[
\text{Annual personnel costs} = 60 000 \\
\text{Annual productive hours} = 1696
\]

= 35.37 EUR/hour
10. Large research infrastructures

The capitalised & operating costs of LRI directly used for the action if:

- Research Infrastructure according to FP art. 2(6)
- 20M€ (large)
- 75% (research as the core business)
- Ex-ante positive assessment (legal certainty)

Guidelines have been adopted
11. Third Parties: carrying out work in the action

- **Linked third parties**
  - Affiliated entities
  - Third parties with a legal link

  - Equivalent to FP7 Special Clause 10
  - Must be identified in the GA
  - Same cost eligibility criteria than beneficiaries

- **NEW**: COM or Agency may request them to accept joint and several liability for their EU contribution

  - **Article 14** MGA

Disclaimer: Information not legally binding
11. Third Parties: carrying out work in the action

- **Linked third parties**
  - Affiliated entities
  - Third parties with a legal link

- **Subcontractors**

- **Ensure best value for money and avoid any conflict of interests**

- **Estimated costs and tasks must be identified in the budget and Annex 1**

- **NEW**: if not identified in Annex 1, Commission may still approve them (beneficiary bears the risk of rejection)

- **Article 13 MGA**
11. Third Parties: others

Benefits

- For the purchase of goods, works or services
- Ensure best value for money and avoid any conflict of interests
- Article 10 MGA

- Free of charge or against payment are eligible costs if they meet the eligibility conditions
- Must be set out in Annex 1
- **NEW**: if not identified in Annex 1, Commission may still approve them (beneficiary bears the risk of rejection)
- Articles 11 & 12 MGA

Disclaimer: Information not legally binding
### 11. Third Parties: contracts versus subcontracts

<table>
<thead>
<tr>
<th>Contracts necessary for the implementation</th>
<th>Subcontracts</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Article 10</strong></td>
<td></td>
</tr>
<tr>
<td>Do not cover the implementation of action tasks, but they are necessary to implement action tasks by beneficiaries.</td>
<td>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.</td>
</tr>
<tr>
<td>Do not have to be indicated in Annex 1.</td>
<td>Must be indicated in Annex 1.</td>
</tr>
<tr>
<td>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.</td>
<td>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.</td>
</tr>
</tbody>
</table>

*Examples: Contract for a computer; contract for the translation of documents; contract for the publication of brochures;*  
*Example: contract for (parts of) the research or innovation tasks mentioned in Annex 1*
11. Third Parties: Financial support

- **'Cascading grants'**: Equivalent to FP7 Special Clause 42
- **Prizes**: awarded by the beneficiary as part of the action
- Option to be used **ONLY** if foreseen in the Work Programme
- Conditions set out in Annex 1
- **Article 15** MGA
1. Certificate on the financial Statements:

   *Contract or subcontract?*

2. Medical equipment provided by a hospital to a university in order to carry out research:

   *Contract or in-kind contribution provided by a third party?*

3. Civil servant working as a professor in a public university whose salary is paid by the Ministry:

   *Contract or in-kind contribution provided by a third party?*

4. Testing and analysis of a resistance of a new component under high temperatures described in Annex 1 as action task?

   *Contract or subcontract?*

5. Members of Associations, foundations which are carrying out work in the action:

   *Subcontract or linked third parties?*
12. Reporting: periodic report

**Periodic report**

To be submitted by coordinator 60 days after end of the reporting period

**Periodic Technical Report**

- overview of progress of the work
- summary for publication
- plan for the exploitation and dissemination of results
- questionnaire

**Periodic Financial Report**

- use of the resources and
- Financial Statement (individual & summary)
12. Reporting: final report

Final report

⇒ To be submitted by coordinator 60 days after end of last reporting period

**Final Technical Report**

- overview of results and their exploitation & dissemination
- summary for publication
- conclusions and socio-economic impact

**Final Financial Report**

- Summary Financial Statement
- Certificate on Financial Statement (if needed)
# 13. Payments

<table>
<thead>
<tr>
<th>One Pre-financing</th>
<th>Time-to-Pay</th>
<th>From</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30 days</td>
<td>The latest between starting date and entry into force</td>
</tr>
</tbody>
</table>

→ Retention 5% of maximum grant for the Guarantee Fund

<table>
<thead>
<tr>
<th>Interim Payments</th>
<th>Time-to-Pay</th>
<th>From</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>90 days</td>
<td>From reception of periodic report</td>
</tr>
</tbody>
</table>

→ Based on financial statements (EU contribution = eligible costs approved * reimbursement rate)

→ Limit = 90% of the maximum grant (Retention 10%)

<table>
<thead>
<tr>
<th>Payment of the Balance</th>
<th>Time-to-Pay</th>
<th>From</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>90 days</td>
<td>From reception of final reports</td>
</tr>
</tbody>
</table>
14. Exchange rates provisions

- **Beneficiary’s accounts in €**
  For purchases in other currencies → conversion into €uros according to its usual accounting practice

- **Beneficiary’s accounts in other currency**
  Average of the daily exchange rates published in the Official Journal of the EU calculated over the reporting period.

**Calculation shortcut:** you may use the editable charts on the website of the European Central Bank at:

15. Controls and audits: ex-ante

Financial viability

- Most beneficiaries exempt from detailed analysis; only systematic check for coordinators when requested EU funding for the project is ≥ EUR 500 000

Certificates

- **Certificate on the financial statements**: Only for final payments when total EU contribution claimed by the beneficiary on the basis of actual costs + unit costs for average personnel ≥ EUR 325.000 (⚠️ excluding e.g. flat rates !)

- **Certificate on the methodology**: Optional for average personnel costs (now under unit costs)

Disclaimer: Information not legally binding
15. Controls and audits: ex-post

Ex-post audits

- Audits of the Commission limited to **two years** after the payment of the balance

Extension of audit findings

- Former "extrapolation" (FP7) now included in the MGA
- In the case of systemic or recurrent errors, irregularities, fraud or breach of obligations
**Participant Portal**
At: http://ec.europa.eu/research/participants/portal/desktop/en/home.html

- **Horizon 2020 Documents**

- **Horizon 2020 On-line Manual**
  http://ec.europa.eu/research/participants/portal/desktop/en/funding/guide.html#

- **Questions? Research Enquiry Service**
  http://ec.europa.eu/research/enquiries
Thank you for your attention!

Find out more:
http://ec.europa.eu/programmes/horizon2020/