Novelties in the Horizon Europe Model Grant Agreement

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The HE MGA – General Overview

CORE PART

Annex 2 Budget Table
Annex 2a Additional information on unit costs and contributions

Annex 3 Accession forms for beneficiaries
Annex 3a Joint liability of affiliated entities

Annex 4 Financial Statement Model

Annex 5 Special Rules

Disclaimer: Information not legally binding
Structure – core part

Core Part

Datasheet
a summary of the specific data of the grant agreement

Articles
grouped in seven chapters

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)

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Structure – Annex 5

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

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Main differences with the H2020 MGA

**more user-friendly structure and readability**
- Data Sheet
- Common numbering
- Common labelling ('granting authority')
- 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)

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Overall state of play

- Key important aspects such as the structure and interplay between core part and Annex 5 for programme-specific rules have been settled.

- Most of the specific provisions for PCP/PPI, Programme Cofund actions, ERC, Research Infrastructures, Euratom, EIT and MSCA together with updated CFS thresholds, including for low-risk classification following a SPA are stable/almost finalised.

- EIC specific provisions under development.

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Horizon Europe MGA
Financial provisions

Personnel costs
Internally invoiced goods & services
The Corporate Approach

**Goal:** Simplification & harmonisation

- Adopted 12/06/2020 (C(2020)3759)
- The Commission made the use of the Corporate MGA mandatory for all funding programmes
- Certain options and provisions can be adapted to each programme according to its specific rules
- **BUT daily rate approach** for personnel cost is a fixed provision across all programmes
Personnel costs = Daily rate × Days worked in the project.
Daily rate calculation

How?

\[
\text{Daily rate} = \frac{\text{actual annual personnel costs for the person}}{215^*}
\]

*For Horizon Europe: Still possible to deduct actual working days spent on parental leave from the fixed number of 215 days

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Daily rate calculation

**When?**

- **per calendar year** (from January to December)
- except for the months running from the end of the last calendar year until the end of the reporting period. For those months, you must calculate a separate partial daily rate as follows:

\[
\frac{\text{actual personnel costs of the person incurred over those months}}{\frac{215}{12} \times \text{number of months from the January until the end of the reporting period}}
\]
Days worked – record keeping

- use reliable time records (i.e. time-sheets) either on paper or in a computer-based time recording system.

Or

- sign a monthly declaration on days spent for the action (template under development).

Disclaimer: Information not legally binding
Time recording system in hours

‘Day-equivalent’ → 3 conversion rules at hand

1. A conversion based on the average number of hours that the person must work per working day according to her/his contract.

   Example: if the contract says that the person must work 37.5 hours per week distributed in 5 working days, a day-equivalent for the person is 7.5 hours (37.5 / 5). In the same example, if the person works 50% part-time, the day-equivalent would be 3.75 hours (18.75 / 5).

2. A conversion based on the usual standard annual productive hours of the beneficiary, if it is at least 90% of the workable time (i.e. continuity with H2020)

   Example:
   Standard annual productive hours of the beneficiary = 1600
   1720 x 90% = 1548 < 1600
   1600/215 => 7.44 hours = 1 day-equivalent

3. A conversion based on a fixed number of hours (e.g. for beneficiaries with no reference in their contracts nor standard annual productive hours):
   1 day-equivalent = 8 hours

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‘Day-equivalent’: When to do the conversion?

Each time that you have to calculate a daily rate → per calendar year

For example at the time of a reporting period:

If a daily rate is calculated for year 2021, the beneficiary must convert into day-equivalents the total number of hours worked by the person on the action during 2021 altogether.
Main differences with H2020

- 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

- Instead, use of a single corporate daily rate and calendar year approach
Internally invoiced goods & services

Horizon Europe specific provisions
What?

This budget category covers the costs for goods and services which are:
- produced or provided within the beneficiary’s organisation directly for the action and
- the beneficiary values on the basis of its usual cost accounting practices.

Examples:
- self-produced consumables (e.g. electronic wafers, chemicals)
- specialised premises for hosting the research specimens used for the action (e.g. animal house, greenhouse, aquarium)
- standardised testing or research processes (e.g. genomic test, mass spectrometry analysis)
- use of specific research devices or research facilities (e.g. clean room, wind tunnel, supercomputer facilities, electronic microscope)
Key features

- Documented methodology

- Supporting evidence of the use of the good or service for the action showing the number of units used

- Share of cost item used for the production of the good or service must be calculated using the **allocation keys defined in the beneficiary’s usual costs accounting practices**
  example: power supply costs allocated to a clean room on the basis of the square meters it occupies.

Allocation keys resulting in a higher unit cost for the internally invoiced good or service when used in EU projects compared with other projects will not be accepted.
Main difference with H2020

- **Wider reliance on beneficiary’s usual cost accounting practices for the unit cost calculation:**
  
  - No application of the 25% flat-rate on top of the unit cost (H2020 rules) but instead
  
  - Possibility to accept actual indirect costs allocated via key drivers in the unit cost calculation
Questions?