



Lump Sum: The Legal & Financial Perspective

Summary of main points for WIDERA NCPs

Greek NCP Team

»» From pilot to WIDERA...!



**2018 – 2020
Pilot scheme**



2021 – 2027

- **Clusters**
- **European Innovation Ecosystems**
- **WIDERA : WP 2023-2024**





Lump sum – Main feature





Lump Sum: What is it in principle?

Lump sum = Project Budget

- › New type of **funding** based on successful **implementation** of activities that are grouped in work packages

For the WIDERA projects:

- › **Project-based amount**

- Participants formulate a unique budget for their proposal
- Not same for all proposals submitted under a given call



Lump Sum: Main differences from actual cost grants

- › Pays against COMPLETED activities
- › Based on lump shares (allocations) of each **Work Package**, in relation to:
 - total proposal budget
 - each beneficiary's contribution (amounts)
- › At each reporting period, Coordinator declares which Work Packages are completed in order to receive payment
- › No cost categories reported during project implementation
- › No costs audited during or after a project
- › It is meant to simplify project administration for beneficiaries



Lump-sum: In general

- › It is based on cost estimations (as actual-cost grants)
- › Cost eligibility rules remain as in the actual cost grants
- › Pre-financing schedule remains (or even higher) the same as in actual cost grants
- › Participants fill out a DETAILED budget table at PROPOSAL stage
- › Possibility to claim payment of COMPLETED work-packages at the interim report period
- › WPs PARTIALLY completed are paid at the **END OF THE PROJECT**
- › Budget transfer among WPs and beneficiaries allowed when they do not concern **closed WPs** (completed and paid)
- › Amendments to the Grant possible as in actual costs grants



Proposal design



Part B: Work Package Split

WPs with long duration maybe broken down at each reporting period

- Management & Coordination
- Communication – Dissemination – Exploitation
- Any WP with particularly long duration across reporting periods

»» Budget design (1)

- » All costs are subject to the same eligibility rules
 - *No special cost eligibility rules*
- » Should be in line with your organization's or country practices (i.e salary levels)
- » Should be reasonable and not excessive
- » Should be coherent to the proposed activities





Budget design (2)

- | | |
|---|--------------------------|
| 10) <i>[Additional option for LUMP SUM Grants:</i> For Lump Sum Grants with a detailed budget table: We understand and accept that the EU lump sum grants must be reliable proxies for the actual costs of a project and confirm that the detailed budget for the proposal has been established in accordance with our usual cost accounting practices and in compliance with the basic eligibility conditions for EU actual cost grants (see AGA — Annotated Grant Agreement, art 6) and exclude costs that are ineligible under the Programme. Purchases and subcontracting costs must be done taking into | <input type="checkbox"/> |
|---|--------------------------|

Horizon Europe application HE RIA, IA:

https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/temp-form/af/af_he-ria-ia_en.pdf



Budget design (3)

EU Grants: AGA — Annotated Grant Agreement: V1.0 **DRAFT** 01.04.2023

General > Article 6 — Eligible costs/contributions

ARTICLE 6 — ELIGIBLE AND INELIGIBLE COSTS AND CONTRIBUTIONS

General > Article 6.1 General eligibility conditions

6.1 General eligibility conditions

ARTICLE 6 — ELIGIBLE AND INELIGIBLE COSTS AND CONTRIBUTIONS

In order to be eligible, costs and contributions must meet the eligibility conditions set out in this Article.

6.1 General eligibility conditions

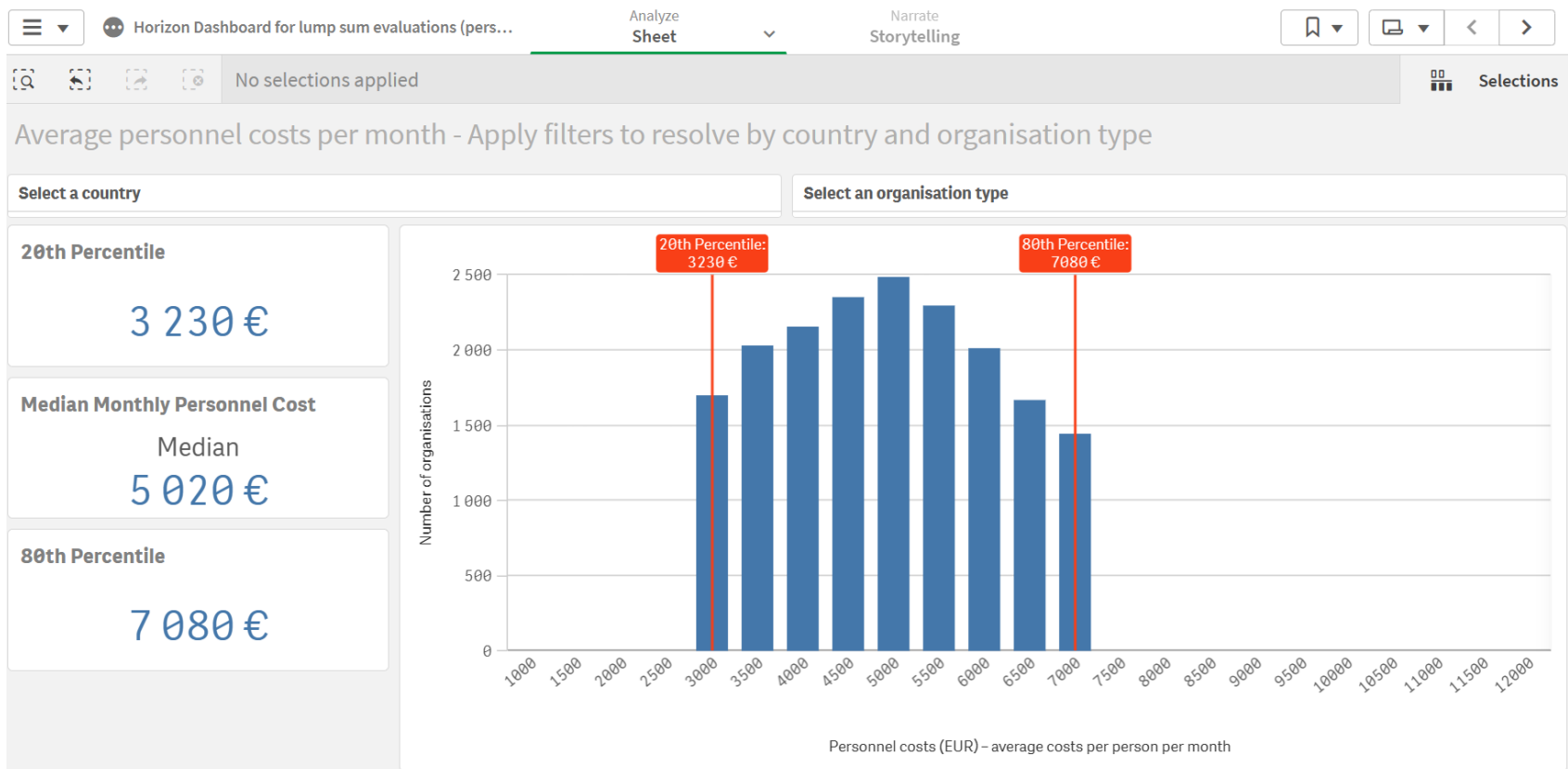
The general eligibility conditions are the following:

- (a) for actual costs:
 - (i) they must be actually incurred by the beneficiary
 - (ii) they must be incurred in the period set out in Article 4 (with the exception of costs relating to the submission of the final periodic report, which may be incurred afterwards; see Article 21)
 - (iii) they must be declared under one of the budget categories set out in Article 6.2 and 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



Drafting your budget: A benchmarking reference

[Qlik Sense \(europa.eu\)](https://europa.eu)





Walk through – Budget table



Budget table: Various sections to draft the budget

ESTIMATED BREAKDOWN OF THE LUMP SUM PER WORK PACKAGE AND PER BENEFICIARY

Excel file

ESTIMATED BREAKDOWN OF THE LUMP SUM PER WORK PACKAGE AND PER BENEFICIARY						
BENEFICIARIES	Work Package 1	Work Package 2	Work Package 3	Work Package 4	Totals	Pct
Beneficiary 1	62.812,50	9.250,00	9.750,00	46.125,00	127.937,50	48,3%
Beneficiary 2	11.625,00	18.750,00	28.750,00	17.500,00	76.625,00	25,9%
Affiliated entity to BE2	16.312,50	0,00	7.000,00	11.625,00	34.937,50	11,8%
Beneficiary 3	10.762,50	14.568,75	19.206,25	11.681,25	56.218,75	19,0%
Totals:	101.512,50	42.568,75	64.706,25	86.931,25	295.718,75	100,0%
Pct:	34,3%	14,4%	21,9%	29,4%	100,0%	

Part A (online forms)

No	Name of Beneficiary	Country	Requested grant amount
1			0.00
	Total		0.00



Proposal evaluation



Proposal evaluation & feedback

- › Proposals evaluated against the standard award criteria

- Slightly increased page number (33 pages)

ADDITIONALLY

- › Evaluate cost estimations for proposed activities at **Quality and Efficiency of**

Implementation

- Against soundness (normal, not excessive)
- Whether split of lump-sum shares allows proper completion of activities
- › Receive feedback for Excellence – Impact
- › Evaluator's feedback:
 - Decrease lump sum for a WP or for a Beneficiary



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- Re-allocate per WP/beneficiary



Grant Preparation

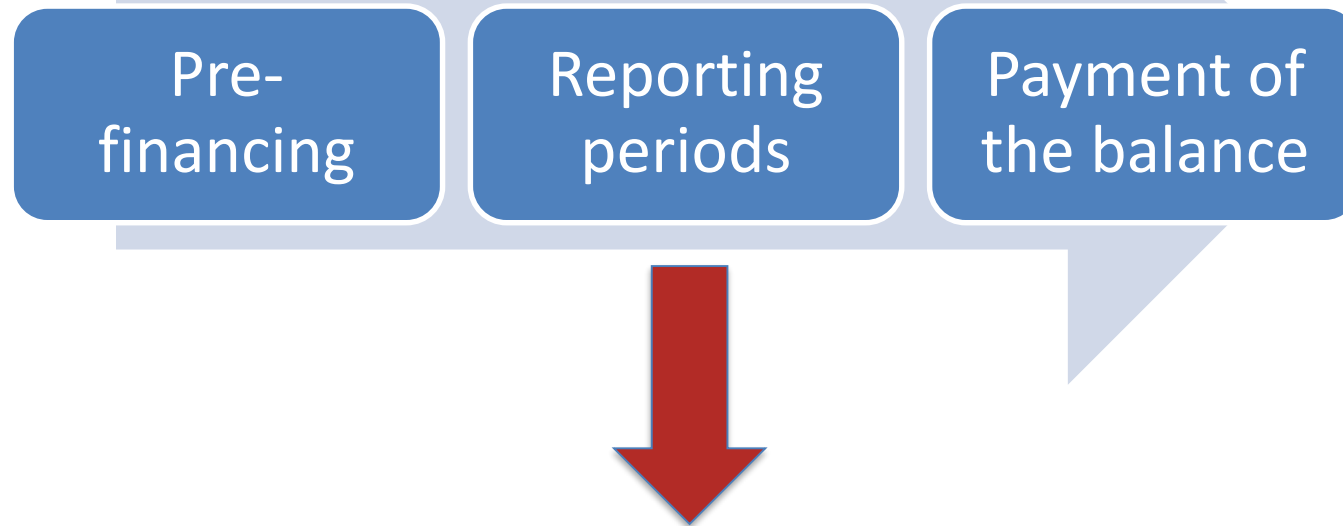
- › No negotiation principle – proposal taken as is
 - › Integrate feedback received at **Electronic Summary Report:**
 - Re-allocation or decrease of lump sum shares
 - Changes necessary to comply with eligibility rules
-

Online management system (SYGMA)



Payment

Payment schedule



Complete the **Status of Completion** for each Work package and click **Save**.

Grant Management Project Periodic Report

237556 (237556 SURDULI ...) InnovFun... Status Of WP

Period No: 1 Duration (months): 12
Reporting Period : [01 Mar 2021 - 28 Feb 2022]

Status of completion

Number	Title	Lead Beneficiary	Status of Completion	Completion %
WP1	wp1	AST GmbH	Partially Completed	60.00
WP2	wp2	AAA	Completed	100.00
WP3	wp3	AST GmbH	Partially Completed	50.00
WP4	wp4	AAA	Not Completed	0.00
WP5	wp5	AST GmbH	Not Completed	0.00

SAVE



Payment schedule





Work Packages - tips

- ✓ If a WP is not completed by a given reporting period, you can complete it and declare it at the end of the subsequent reporting period or the end of the project
- ✓ If a WP cannot be completed try to introduce an amendment to make it **completable** including asking an extension
- ✓ If a WP is not accepted as completed by the EC you have the right to respond
- ✓ If a WP is incomplete at the end of the project, the lump sum is paid partially.





Checks – Reviews – Record keeping





Checks – Reviews – Record keeping

› Technical report only

- Non-financial obligations
- According to good practices and normal documentation
 - i.e presentations, publications, IPR, proceedings, prototypes, technical documents, proceedings, communication obligations

› Who (at organization level) did what?

› No actual costs, no audit on the use of resources



Checks – Reviews – Record keeping

Actual
costs

Time sheets

Invoices, pay
slips

Lump
sum

Technical –
Implementation
documents

Proving work of
Annex 1

»» Lump-sum: Common misconceptions

- › Payments depend on successful outcome (vs Activities PERFORMED)
- › Partially completed work packages are not paid
- › Tend to result in grant reductions
- › Lump sum grants are not judged by the same standards
- › More bureaucracy:
 - In actual-costs grants, it suffices to have the right invoices and not have the technical aspects checked





Repercussions &



food for thought



Information sources



Lump sum funding in Horizon Europe (one-stop shop)



[PowerPoint Presentation \(europea.eu\)](https://europea.eu)



Court of Auditors' report on Lump sum pilot



A reimbursement
system based on
a fixed lump sum

Is it the right tool for
the EU Framework
Programme for
research?



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[https://www.europarl.europa.eu/RegData/etudes/STUD/2022/697218/EPRS_STU\(2022\)697218_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2022/697218/EPRS_STU(2022)697218_EN.pdf)



Model Grant Agreement for Lump Sum Grants



Project: [insert number] — [insert acronym] — [insert call identifier]

EU Grant: [PROGR Lump Sum MGA— Multi & Mono] V1.0 - 01.03.2023

Budget category/activity type: Lump sum contributions

Cost eligibility options: [n/a]

- [Additional eligibility conditions]
- [OPTION 1 if selected for the grant: Double funding for synergy actions]
- [OPTION 2 if selected for the call: Country restrictions for eligible costs]

Budget flexibility: No

6. Reporting, payments and resources

6.1 Continuous reporting (art 21)

Debtors: see Funding & Tenders Portal Continuous Reporting tool

6.2 Periodic reporting and payments

Reporting and payment schedule (art 21, 22):

Reporting				Payments	
Reporting period	Type	Deadline	Type	Deadline (date to pay)	
RP No.	Month from	Month to			
			Initial prefinancing	[OPTION 1: no report: 40 days from [OPTION 1 entry into force/10 days before starting performance guarantee (if required)] [OPTION 2: entry into force/starting performance guarantee (if required)] [OPTION 3: entry into force/financial guarantee (if required)] [OPTION 4: submission of all performance/financial guarantee (if required)] [OPTION 5: date of notification of the starting date/10 days before the starting date/financial guarantee (if required)] - whichever is the latest]	
1	[insert]	[insert]	Additional prefinancing report	Additional prefinancing	[OPTION 1: 40 days from the date from receiving additional prefinancing report/financial guarantee (if required)] - whichever is the latest/[OPTION 2: 10 days from receiving periodic report/[OPTION 3: 10 days from receiving periodic report/[OPTION 4: 10 days from receiving periodic report]
2	[insert]	[insert]	Periodic report	Interim payment	[OPTION 1: 40 days from the date from receiving periodic report/[OPTION 2: 10 days from receiving periodic report/[OPTION 3: 10 days from receiving periodic report]
3	[insert]	[insert]	Periodic report	Final payment	40 days from receiving periodic report

Prefinancing payments and guarantees: [n/a]

Prefinancing payment		Prefinancing guarantee	
Type	Amount	Guarantee amount	Division per participant
Prefinancing 1 (date)	[insert] (date)	[insert] (date)	1 - [insert name] (date)
			2 - [insert name] (date)

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Thank you
for your attention

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