Go to www.menti.com and use the code 90 46 50

What's your emotion if you hear Project Lump sum funding?

- Love it: 0%
- I am relaxed, let's see: 0%
- It makes me cry: 0%
Go to www.menti.com and use the code 90 46 50

Involvement in a LSF proposal

<table>
<thead>
<tr>
<th>0%</th>
<th>I WAS involved in a LSF proposal preparation</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>I was NOT involved in a LSF proposal preparation yet</td>
</tr>
</tbody>
</table>
LUMP SUM FUNDING: some shades of grey?

Martin Baumgartner, Legal NCP AT, FFG
Gonzalo Arevalo, Legal NCP ES, ISCIII
María Alfayate, EC DG RTD, J.3

EARMA Conference, Bologna 29. March 2019
NCP Academy aims to...

- Create and implement a new and integrated training of Horizon 2020 advisors – the NCP Academy
- Bring together NCP Coordinators and NCPs for Legal and Financial aspects of Horizon 2020 to develop the NCP Academy concept and to develop and implement training courses on cross-cutting issues
- Address quality standards and good practice as well as routes to feedback and communication for this community
- Significantly enhance the performance of NCPs and does so by harnessing the knowledge base already existing within this community

https://www.ncpacademy.eu/
Long time ago...

Survey 2011: “Lump Sum Funding” has been seen positively

9. As regards potential scenarios for future EU funding rules, the scenario providing reimbursement of actual costs but with major simplifications to the eligibility rules gathers the most positive views, if combined with a harmonised application of the rules and improved communication and assistance to participants. Other two scenarios (output-based funding with project-specific lump sums for entire projects and extended use of flat rates, lump sums and scales of units) are perceived as alternatives for specific projects/partners or if proposed as options alongside the actual cost scenario (p.15-16).

When expressing their views, respondents favour mainly 1st and 3rd scenarios, sometimes both together (totals by rows may be more – or less – than 100%), and are against 2nd scenario:

<table>
<thead>
<tr>
<th></th>
<th>Lump-sums for entire projects (970 responses)</th>
<th>More lump-sums and flat-rates (579 responses)</th>
<th>Simplified actual costs (580 responses)</th>
</tr>
</thead>
<tbody>
<tr>
<td>In favour (best option / less burden)</td>
<td>48%</td>
<td>27%</td>
<td>51%</td>
</tr>
<tr>
<td>Best for personnel costs</td>
<td></td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td>Best for indirect costs</td>
<td></td>
<td>1%</td>
<td></td>
</tr>
<tr>
<td>Against (lower than real costs / no simplification / financial risk)</td>
<td>24%</td>
<td>42%</td>
<td>18%</td>
</tr>
<tr>
<td>Dubitative (Simplification difficult to evaluate)</td>
<td>24%</td>
<td>27%</td>
<td>28%</td>
</tr>
<tr>
<td>No trust (it will not work in practice)</td>
<td>4%</td>
<td>2%</td>
<td>4%</td>
</tr>
</tbody>
</table>
Pilot actions to test lump-sum funding

- Not new - already used in certain parts of the programme

*Huge simplification potential:*
- major reduction in administrative burden on beneficiaries
- minimisation of financial error rates

*Focus on performance:*
- shift of focus from financial checks to performance and scientific-technical content of the projects
How?

– Via **pilots** in the 2018-2020 work programme (one or a few call topics in one or two thematic areas)

– Two options under discussion:
  – a) lump sum per project pre-defined in the call
  – b) lump sum fixed individually per project on the basis of cost estimation in the proposal
Grant agreement

- Lump sum contribution split into lump sum shares per work package and per beneficiary

- General rule to release lump sum shares payments: full accomplishment of a work package
Cash flow

Pre-financing payment
- Same functioning that in the general MGA
- Coordinator distributes the amount according to consortium agreement

Interim payment(s)
- One or more
- Pay the shares of the lump sum set out in Annex 2 for the WPs completed & approved in the reporting period

Payment of the balance
- Closes the financial aspects of the grant
- Uncompleted WPs will (generally) NOT be paid
- Releases the guarantee fund
Reporting

You **need**

- Technical documents
- Publications, prototypes, deliverables
- Who did what?
- ...any document proving that the work was done as detailed in Annex 1

You **don't need**

- Time-sheets
- Pay-slips or contracts
- Depreciation policy
- Travel invoices
- ....actual costs

*Already the case under the general MGA*
Current pilot – topics

• DT-NMBP-20-2018: “A digital 'plug and produce' online equipment platform for manufacturing”


• ERC –PoC call (Option I): ERC Proof of Concept Grant ERC-2019-POC

• S2R JU is using lump sums for some topics exclusively opened to their members in the 2018 call (H2020-S2RJU-2018) and again for their 2019 call
Previous legal NCP activities

• EARMA 2017 „Financial reporting in H2020 latest retroactive MGA changes“
  => introduction of first LSF pilots

• EARMA 2018 „Lump sum funding: a researchers’ dream come true?“
  => introduction + discussion of LSF MGA
The current practice of cost requirements and financial audits is indeed reason for a change.
EARMA 2018

Reporting will be easier in lump sum projects
Lump sum projects will make H2020 and FP9 more accessible to a broader group of participants
Previous Activities with NCPs

➢ June 2017: EC Workshop with L&C, SC1 and NMBPs NCP
➢ March 2018: M&E NCP Academy: 13th March 2018
➢ December 2018:
  • Survey SC1-BHC-15-2018
  • Survey SC1 and L&F NCP’s
June 2017

- Presentation of Lump-sum topics based on two options to:
  - L&F NCPs
  - SC1 NCPs
  - NMBP NCP
March 2018 M&E among L&F NCPs on Lump-sum instrument

• 32 Registered Participants from 16 EU+ 2 Associated Country

• Three working sessions:
  ▪ Key elements for the elaboration of WPs,
  ▪ Specific Legal and financial Issues to be considered for the CA,
  ▪ Contingency and financial plan for managing the grant.
March 2018 M&E among L&F NCPs on Lump-sum instrument

Hot issues identified by NCPs:

- **WPs:** Cash flow & reporting, how to address horizontal WPs, Deeper analysis of members and size of WPs,

- **CA:** Need of having a buffer for cash flow, Smarter decision processes, Stringer coordination

- **Managing grant:** Internal Consortium Guarantee fund, Closer monitoring, more proactive for identifying risks.
Dec 2018: Surveys on Lump-sum instrument

- Two Separate Surveys: one for SC1 participants, one to L&F and SC1 NCPs
- Launched from late December 2018 to mid February 2019
- Low Response rate: 18 respondents:
  - 5 participants (1 Coord, 4 Beneficiaries
  - 13 NCPs (4 SC1, 9 L&F)
Go to www.menti.com and use the code 90 46 50

Do you think that more support is needed?
Perception about the need of more support

- 80% of applicants referred to the need of further support, while for NCPs, only 40% observed larger demand of NCP advice.
How different do you think that the proposal writing is?
How Different was to write?

- 60% of applicants referred to be rather different, mainly on WPs structure and understanding of lump sum flows.
### Hot topics to give advice were? (0 to 10)

<table>
<thead>
<tr>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fitting LS scheme with topic</td>
</tr>
<tr>
<td>Budgeting and Financial Issues</td>
</tr>
<tr>
<td>Management of the action</td>
</tr>
<tr>
<td>Structure and planning the proposal</td>
</tr>
<tr>
<td>Clinical trial plan</td>
</tr>
<tr>
<td>Legal Issues</td>
</tr>
<tr>
<td>Subcontracting and Third Parties</td>
</tr>
</tbody>
</table>
How would you describe the nature of the enquiries received from applicants concerning the following aspects (compared to those received from applicants for other funding schemes of Horizon 2020)?

1. NO DIFFERENCES
2. SLIGHTLY DIFFERENT
3. MILDLY DIFFERENT
4. MODERATELY DIFFERENT
5. VERY DIFFERENT

SCALE 1 to 5

Answered: 10    Skipped: 3
How Different the Consortium & WPs building was?
Perception about the difference on Consortium Building

• 80% of applicants referred to this fact

PARTICIPANTS

Q7
Was there a difference in the way the consortium was built and in how consortium partners were selected (compared to proposals submitted under other funding schemes of Horizon 2020)?

Answered: 5  Skipped: 0

<table>
<thead>
<tr>
<th>ANTWORTOPTIONEN</th>
<th>BEANTWORTUNGEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>YES</td>
<td>20.00%</td>
</tr>
<tr>
<td>NO</td>
<td>60.00%</td>
</tr>
<tr>
<td>If yes, what was different?</td>
<td>20.00%</td>
</tr>
</tbody>
</table>

NCPs

2 X managing the consortium and follow up by the PO

looking for partners

work packages, (closed) tasks/WPs because of risk of no payment
Applicants survey summary

- Increased need of support in proposal phase
- L&F aspects still, but also project planning and contingency risks
- Increased effort during proposal & planning phase
- Larger communication & advice during the proposal
- Neutral response: No clear perception of a real simplification, but not either additional complication
NCPs Survey summary

• mostly budget/financial issues & planning of WPs
• information by exchange with other NCPs
• nearly half of NCPs did not have enough information/training for consulting
• generally no significant increase in enquiries
Survey details

• Survey (Applicants)

https://de.surveymonkey.com/results/SM-8Q5FJ7CRV/

• Survey (NCP’s)

https://de.surveymonkey.com/results/SM-RFLV29CRV/
Lump sum pilot

- Pilots State of Play
- Lessons learned from:
  - Proposal preparation & submission
  - Evaluation
  - Grant Agreement Preparation
- What to improve in view of future pilots?
I. State of play: Lump sum pilot

➢ Option I: “Digital ‘plug and produce’ on-line equipment platforms for manufacturing” (IA)
   ➢ 2 Grants signed

➢ Option II: “New anti-infective agents for prevention or treatment of neglected infectious diseases” (RIA)
   ➢ GAP: ongoing

➢ Shift 2 Rail Pilot
   ➢ Type of Lump Sum Pilot: "Option II"
   ➢ 7 grants signed

➢ ERC Proof of Concept Pilot:
   ➢ Type of Lump Sum Pilot: "Option I"

➢ Work Programme 2019 – 2020 (1st cut-off date 22/01/2019)
II. Lessons learned: Issues to consider before drawing lessons

➢ We are in the first stages: Experience is very limited!

➢ Three evaluations concluded (Industrial Technologies, S2R and Health)

➢ Continuous monitoring of pilots and learning from different actors involved (beneficiaries, project officers, NCPs ...)

➢ ECA’s recommendations on the Special report on H2020 Simplification

➢ **THEREFORE:**

➢ We need to increase the number of pilots! WP 2020!
II. Lessons learned from submission

➢ For Option II Lumps Sum pilots:

➢ Submission of detailed breakdown of costs (Excel table) as attachment to on-line proposal forms was not totally smooth.

*However technical problems were overcome and never an obstacle to submit information*
II. Lessons learned from evaluation

➢ Difficulties encountered:

➢ Evaluators found that the breakdown of projects into Work Packages was sometimes “artificial and not very logical”

➢ For some proposals, breakdown of subcontracts was sometimes slightly confusing

➢ Not homogenous approach on how to deal with “horizontal WPs” (e.g.: Project Management) through the project lifetime
II. What to improve for the future?

➢ For beneficiaries:

➢ Standard information on lump sum pilots to be used in all relevant Infodays

➢ Clearer guidance on the concept of WP for Lump Sum projects and implication on project proposed structure

➢ FQA questions on how to structure continuous project lifetime WPs (Management, Dissemination & Exploitation, etc.)

➢ Submission:

➢ Ensure IT systems allow submission of additional information in all necessary formats
II. Lump sum: What to improve for the future? (II)

Pay special attention to:

➢ Evaluation:

➢ Thorough information to evaluators on the concept of lump sum pilots from early stages of the evaluation.

Changes already introduced in “Option II” pilots: S2R and Health, based on Option I evaluation experience

➢ Careful selection of experts with financial background: Ideally experts very knowledgeable in the sector + strong financial background
III. New pilots in 2020: Principles to be considered

- Topics which are suitable for Lump sums
- Pilots fitting in existing Option I and Option II models
- Testing in CSAs
Thank you for your attention!

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