LUMP SUM FUNDING:
NCP ACADEMY WEBINAR

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27th June 2019
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• Brief Introduction towards Horizon Europe
• NCP Academy and Lump Sums
  • Activities done
  • Survey results
• Lump Sum Scheme
  • Introduction
  • Types of Schemes
  • Running of Lump Sum Grants: Payments and Reporting
  • Main items to consider at proposal stage
  • Pros and Cons
  • Pilots for WP2020
• Conclusions
  • From EC
  • From NCPs
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Towards Horizon Europe MGA

• Currently there are more than 40 MGAs for H2020
  • Relatively complex to manage and to understand
  • Room for regrouping and simplification

• Trend to go for a Corporate MGAs for next MFF 2021-27
  • Based on success of H2020
  • Three basic models:
    • Actual Costs
    • Unit Costs
    • Lump sum Costs
  • Configurable, Customizable and Sustainable
Towards Horizon Europe MGA

- Currently there are more than 40 MGAs for H2020
  - Relatively complex to manage and to understand
  - Room for regrouping and simplification

- Trend to go for a Corporate MGAs for next MFF 2021-27
  - Based on success of H2020 among EU programmes
  - Configurable, Customizable and Sustainable
  - Trend to be more aligned to Financial Regulations, so easier to manage (also for EC & Agencies)

INTRODUCTION
Towards Horizon Europe MGA

- Currently there are more than 40 MGAs for H2020
  - Relatively complex to manage and understand
  - Room for regrouping and simplification

- Trend to go for a Corporate MGA for next MFF 2021-27
  - Based on success of H2020

Three basic models:
- Actual Costs
- Unit Costs
- Lump sum Costs
- Configurable, Customizable and Sustainable

Including specifies needed for R&I:
- IPR
- Open Science
- Ethics
- Costs Eligibility: Internal Invoices, Indirect Costs, Linked Third parties?
Overview

• **Brief Introduction towards Horizon Europe**

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• **Conclusions**
  • From EC
  • From NCPs
Previous Activities with NCPs

- June 2017: EC Workshop with L&F, 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
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, Stronger coordination
- **Managing grant**: Internal Consortium Guarantee fund, Closer monitoring, more proactive for identifying risks.
Dec 2018: Surveys on Lump-sum instrument

- Two Separate Surveys:
  - SC1 participants,
  - 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)
The current practice of cost requirements and financial audits is indeed reason for a change.
Reporting will be easier in lump sum projects

- Agree: 57
- Disagree: 25

Total respondents: 82
Lump sum projects will make H2020 and FP9 more accessible to a broader group of participants.

- Agree: 25
- Disagree: 46

Total respondents: 71
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.

**PARTICIPANTS**

Did you need more support in preparing the Lump Sum Fund proposal (compared to those submitted under other funding schemes of Horizon 2020)?

<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>20.00%</td>
</tr>
</tbody>
</table>

**NCPs**

Do you have the impression that the number of enquiries from applicants increased significantly in the LSFP compared to those for the other funding schemes in Horizon 2020?

<table>
<thead>
<tr>
<th>ANTWORTOPTIONEN</th>
<th>BEANTWORTUNGEN</th>
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<tbody>
<tr>
<td>YES</td>
<td>38.36%</td>
</tr>
<tr>
<td>NO</td>
<td>63.64%</td>
</tr>
</tbody>
</table>

Answered: 5  Skipped: 0

Answered: 11  Skipped: 2
Do you think that more support is needed?

- No difference: 4
- Almost no difference: 8
- Moderated difference: 22
- Considerable more: 19
- Much more: 12
How Different was to write?

• 60 % of applicants referred to be rather different, mainly on WPs structure and understanding of lump sum flows
How different do you think that the proposal writing is?
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
5. VERY DIFFERENT

SCALE 1 to 5

Answered: 10   Skipped: 3
Hot topics to give advice were? (0 to 10)

- Fitting LS scheme with topic: 3.8
- Budgeting and Financial Issues: 6.7
- Management of the action: 7.2
- Structure and planning the proposal: 6.7
- Clinical trial plan: 3.6
- Legal Issues: 6.7
- Subcontracting and Third Parties: 5.5
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)?

**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
How Different the Consortium & WPs building was?

- No different: 1
- Almost no different: 1
- Moderated different: 14
- Considerable different: 22
- Much more different: 24

Total respondents: 62
Question

• Do you feel sufficiently prepared for advising your clients about lump sum projects?

Yes / No
Questions & Answers
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Lump Sum Scheme

Introduction

- For H2020 Lump Sums was also at the proposal stage, and finally:
  - Already for SME Instrument Phase 1 (Low Value Grants)
  - First pilot on normal grants for:
    - 2018: 2 Pilots (RIA-Health and IA-NMBP)
    - 2019: Extension to ERC (PoC), Arts 187 (S2R)
    - 2020: New Pilot Calls: almost all themes and instruments.
      To get an adequate sample

- Responds to a simplification exercise based on:
  - Ex ante Cost Validation
  - Focused on accomplishment of tasks
  - Based on activity monitoring and performance
  - Robust Consortium Management
Lump Sum Scheme

Types of Schemes

Two options to fix the amount

Amount of the lump sum

Fixed in the Call

Per project based on the budget
Two options

**Option 1**
- Fixed lump sum per project defined in call for proposals
- Proposals describe the efforts and resources applicants commit to mobilise for this amount.
- Applicants must provide proposed split of the lump sum per work package and per beneficiary.
- The evaluation – and competition between proposals – ensure that adequate resources are committed

**Option 2**
- Proposals provide a detailed estimation of costs (stage 2 only)
- Experts assess cost details during evaluation and make recommendations (panel will include expert/s with financial expertise).
- Based on this, the lump sum is fixed during grant preparation
Lump Sum Scheme

Running of Lump Sum Grants: Payments

- Installments are foreseen quite similar to ‘normal’ actions:
  - Prefinancing, as a float for launching activities
  - Installments linked to (both):
    - Reporting Periods
    - Completion of WPs
  - Final Payment, balance of WPs completed

*Lump sum grant: distribution of funds*
Lump Sum Scheme

Running of Lump Sum Grants: Liabilities

- Liability is fixed at WP and Partner at Proposal Stage:
  - Distribution of EU funding up to the C.A. Consider buffer and/or timing
  - EU won’t enter on disputes at Consortium level

Lump sum grant: budget allocation

Annex 2

Lump sum = Maximum grant amount

Max. liability of the beneficiary after payment of balance

Share of the lump sum per WP

<table>
<thead>
<tr>
<th>WP1</th>
<th>WP2</th>
<th>WP3</th>
<th>WP4</th>
<th>WP5</th>
<th>WP6</th>
<th>WP7</th>
<th>WP8</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiary A</td>
<td>250.000</td>
<td></td>
<td></td>
<td>50.000</td>
<td>300.000</td>
<td>250.000</td>
<td></td>
<td>1,150.000</td>
</tr>
<tr>
<td>Beneficiary B</td>
<td></td>
<td>250.000</td>
<td>350.000</td>
<td>50.000</td>
<td></td>
<td>100.000</td>
<td>150.000</td>
<td>900.000</td>
</tr>
<tr>
<td>Beneficiary C</td>
<td>100.000</td>
<td>100.000</td>
<td>50.000</td>
<td></td>
<td>280.000</td>
<td></td>
<td></td>
<td>530.000</td>
</tr>
<tr>
<td>Beneficiary D</td>
<td></td>
<td></td>
<td>120.000</td>
<td>50.000</td>
<td></td>
<td>100.000</td>
<td>150.000</td>
<td>420.000</td>
</tr>
<tr>
<td>Total</td>
<td>350.000</td>
<td>470.000</td>
<td>350.000</td>
<td>200.000</td>
<td>300.000</td>
<td>530.000</td>
<td>200.000</td>
<td>600.000</td>
</tr>
</tbody>
</table>
Lump Sum Scheme

Running of Lump Sum Grants: reporting

- Milestone for payment is the completion of WP:
  - EC and Agencies will not enter on ‘partners performance’ but ‘WP performance’
  - Financial Statement based on lump sum share: no cost categories, but... subcontracting (UoR)

\textbf{Lump sum grant: interim financial reporting}

Each beneficiary declares it share of the lump sum allocated to Work Packages \textbf{fully} completed in the reporting period
Lump sum grant: payment of the balance

All work completed as indicated in Annex 1:
The Commission pays the remaining amount up to the total lump sum (and releases the Guarantee Fund)

Some WP not completed as indicated in Annex 1:
- WP rejected (in full or in part)
- Grant reduced
- Consortium loses the share allocated to that WP
- The Guarantee Fund does NOT intervene

⚠️ As in General MGA, other reductions (e.g. for breach of obligations) may also apply
Lump Sum Scheme

Items to consider for launching a Lump Sum proposal

- Accommodate Horizontal Work Packages and Reporting Periods.

- Risk analysis and Contingency Planning are (even more) a MUST.

- Describe a vary smart and effective governing mechanisms:
  - Decision process for follow-up and corrective measures
  - Cash management, but without putting in a risk the project actions

- Better Consider the Right Size and contributing Partners per WP.
  - One task shouldn’t be a WP
  - One partners shouldn’t (generally) be alone in a collaborative project
  - State very clear responsibility and efforts towards Milestones and Deliverables
Lump Sum Scheme

PROS

- No More Invoices, Timesheets, Payslips, Depreciation, etc
- More focused on technical action implementation: Who did what?
- Ex-post audit based on:
  - Technical Implementation
  - IPR obligations
  - Ethics, Code of conduct, Open Science

CONS

- Larger responsibility on Coordinators
- Larger dependence on POs opinion
- Dual accountancy: Lump Sum Rights vs Actual Costs
- More complex CAs
- Risk for partnerships:
  - Closed clubs
  - Replacement of (cheap/expensive) partners
Lump Sum Scheme
Pilots for WP2020 I

Lump sum new pilots Y2020 (i)

- **LEIT-NMBP / DT-NMBP-23-2020 (RIA):** “Next generation organ-on-chip”
- **SC1 Health / SC1-BHC-37-2020 (RIA):** “Towards the new generation of clinical trials – trials methodology research”
- **SC3 Energy / LC-SC3-RES-18-2020 (RIA):** “Advanced drilling and well completion techniques for cost reduction in geothermal energy”
- **SC4 Transport / MG-4-9-2020 (IA):** “The European mobility culture of tomorrow: Reinventing the wheel?”
Lump Sum Scheme
Pilots for WP2020 II

Lump sum new pilots Y2020 (ii)

- **SC5 Climate / LC-CLA-18-2020 (RIA):** “Developing the next generation of Earth System Models”

- **SC6 Societies / MIGRATION-04-2020 (IA):** “Inclusive and innovative practices for the integration of the post 2015 migrant in local communities”

- **Dissemination & exploitation / NSUP-01-2020 (CSA):** “Fostering transnational cooperation between national support structures (e.g. National Contact Points): ensuring a transition between Horizon 2020 and Horizon Europe”

- **SME Innovation Associate Programme / H2020-INNOSUP-02-2019 (CSA)**

Question

• To which extent do you think that the Lump sum scheme is a simplification for participants (1 to 5)?

1 to 5
Questions & Answers
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EC Conclusions
Lessons Learned so far

Experience vey limited but…:

- Room for improvement in WPs building: ‘Artificial and not very Logical’

- Difficulties and difference on approach to Horizontal WPs

- Subcontracts some times are not well described.

- Need of Evaluators experts on assessing WPs value and ex-ante cost validation

- Need of improve IT mechanisms, including excel template for proposal phase
Challenges are on…

- Develop smart governing and management mechanisms for risk management and cash flow

- Need of some specificities for the Consortium agreement: Cash Flow, WP performance, Other GA obligations

- Public Bodies: would need to live with:
  - Double accountancy (actual and LS costs)
  - Compatibilize LS philosophy with own regulations: depreciation, hiring staff, etc

- More importance of Human Factor (PO)

https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/support/faq;categories=&programme=null;actions=&keyword=
• Do you wish to have any kind of exchange of experiences after the first reporting period in lump sum projects (with NCPs and project partners of LS projects)

Yes / No
Webinar on Lump Sum Pilots


Training: Webinar – the two lump sum pilots in the 2018 Health and NMBP work programmes

Date: December 12, 2017
Organiser: NCP Academy
Event Categories: Training

Concept & Aim
The aim of the webinar was to give an overview of the most important aspects of the lump sum funding scheme to guide clients in their proposal writing.

Resources
- Introduction to Lump Sum funding in Horizon 2020
- Webinar recording
Questions & Answers
This project has received funding from the European Union’s Horizon 2020 research and innovation programme under grant agreement No. 633563.