



HORIZON EUROPE



THE EU RESEARCH & INNOVATION PROGRAMME

2021 – 2027

**LESS FOCUS ON FINANCIAL
MANAGEMENT, MORE FOCUS ON
CONTENT**

CZEDER CONFERENCE 2024

EUROPEAN COMMISSION
DG RTD, Common Implementation Centre
Ulrich Genschel

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Lump sum funding



Why do we use lump sum funding?

(1) Reducing the financial error rate

- Lump sums are a key measure to achieve this in Horizon Europe
- Fewer rules, fewer documents, fewer errors

(2) Significant simplification potential

- Lump sums remove the obligation to report actual costs and resources
- The real cost system remains complex and error-prone – despite best efforts

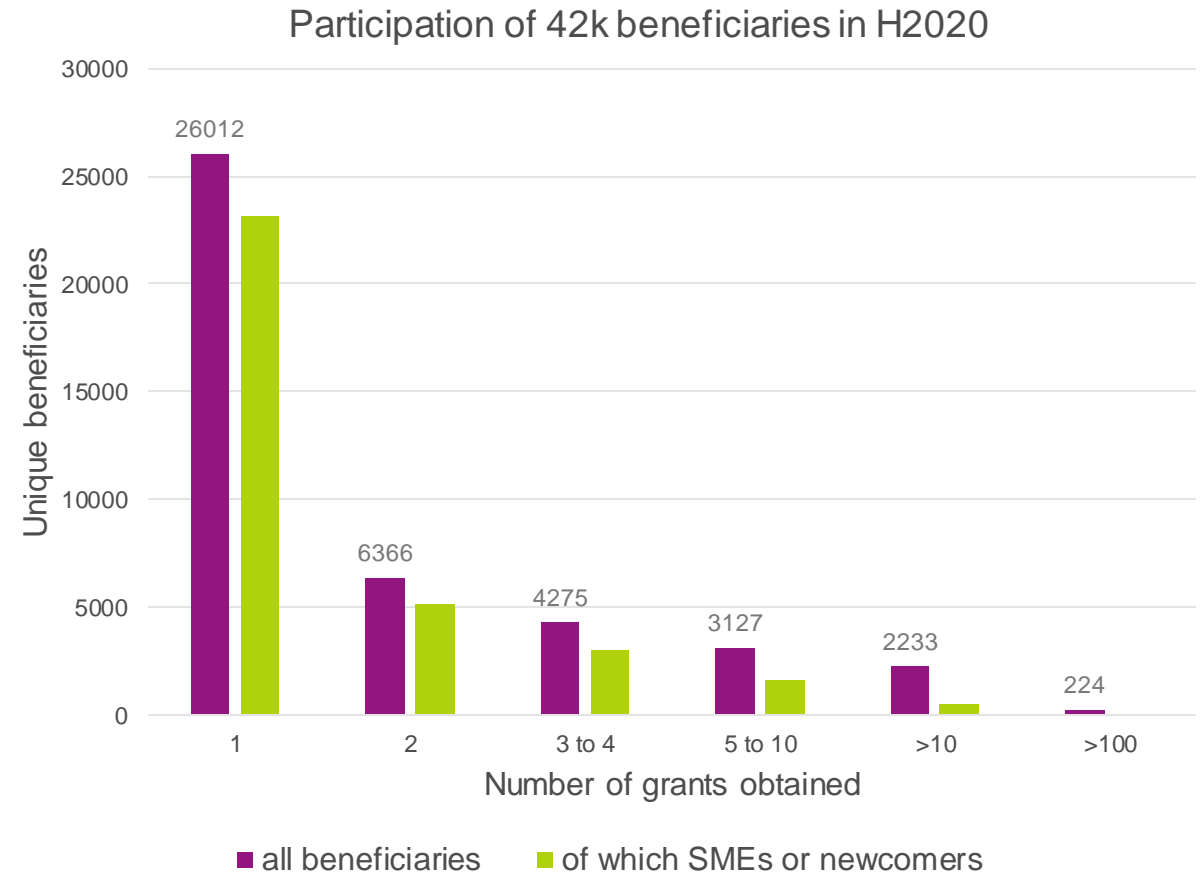
(3) Focus on content

- Focus less on financial management and more on content

Why do we use lump sum funding?

(4) Easier access to the programme

- Very small share of beneficiaries have more than 100 grants:
 - Large entities
 - Dedicated staff and procedures to deal with actual costs
- Vast majority of beneficiaries have only 1 or 2 grants per programme
 - Most of them **SMEs or newcomers**
 - Little or no previous experience
 - Need a simple funding model



Lump sums – how does it work?

Same forms and processes where possible

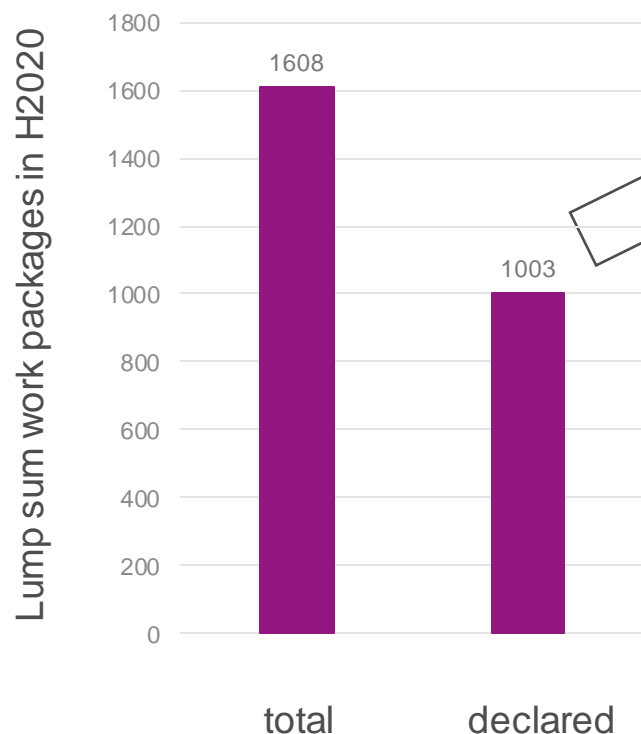
- Standard application form
- Standard grant preparation (no negotiation principle)
- Standard processes for amendments / deviations
- Standard reporting template

Key differences compared with actual cost grants

- To define and justify the lump sum, you need to provide a detailed budget table with cost estimations. This budget is assessed during evaluation.
- No reporting on costs and resources.
- No financial audits.
- Financial statements are generated automatically.
- Payment against completed work packages.

Acceptance of work packages – in practice

62% of all lump sum work packages in H2020 were declared so far (January 2024)



- **98,8% were paid as declared**
 - 991 work packages, incl. 18 work packages that were declared as partially completed
- **1,2% were partially rejected**
 - 12 work packages
- **No evidence of increased financial risks for beneficiaries.**

Roll-out of lump sum funding

- Prudent roll-out under Horizon Europe
- Very low volume in 2021 and 2022
- First significant wave in 2023 and 2024
 - More than 200 lump sum topics, mostly in Pillar 2, mostly for small and mid-sized projects
 - ERC Advanced Grants + EIC grant schemes join in 2024
 - Total lump sum funding expected to reach approx. 30% of the call budget in 2024
- Commissioner Ivanova and DG RTD confirmed
 - Further extension of lump sums subject to careful monitoring
 - Ambition to reach 50% share of lump sums by 2027

Lump sum grants signed and expected

- More than 5000 eligible proposals received
- More than 1300 grants signed
- More than 400 projects completed

- Lump sums are used mostly for small or mid-sized grants (figures for 2023 and 2024 budget, without EIC)

	LS grants signed by end of 2023	
	Number	Value (EU contribution)
H2020	525	EUR 454 million
HE	841	EUR 1,285 million

Grant size	Budget	Share (%)
Small or mid-sized	< EUR 5 million	87%
Standard collaborative	EUR 5-10 million	11%
Large	> EUR 10 million	2%

Lump sums – developments

Dashboard for personnel costs

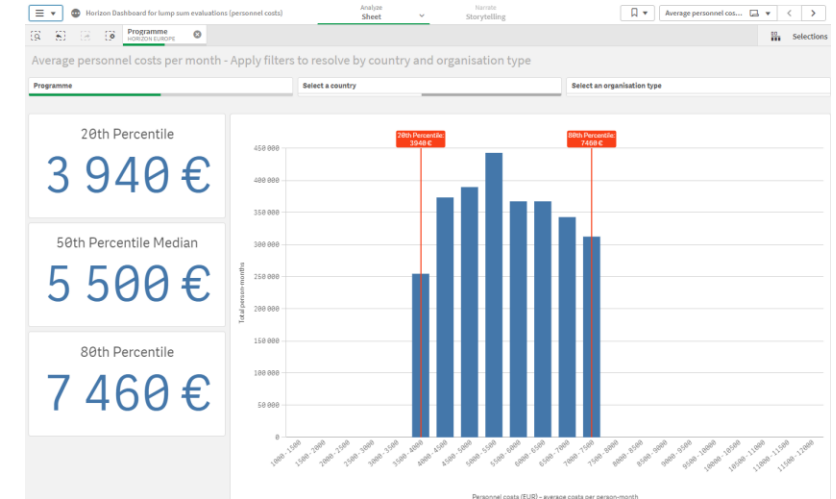
- Was republished in June 2023
- Using grant agreement data (2021 – today)
- Experts **must** use it to assess personnel costs

Ex-post reviews

- No financial audits of lump sum grants
- Preparations for ex-post technical reviews is ongoing (for all grants)

European Court of Auditors

- Recommendations from the ECA Annual Report 2022 must be followed up
- E.g. what is proper implementation, use of benchmarks, documentation of budget assessment
- Will be addressed together with improvements suggested by users



data last refreshed: Nov. 2023

Lump sums – lessons learned exercise

Lump sums are still (relatively) new

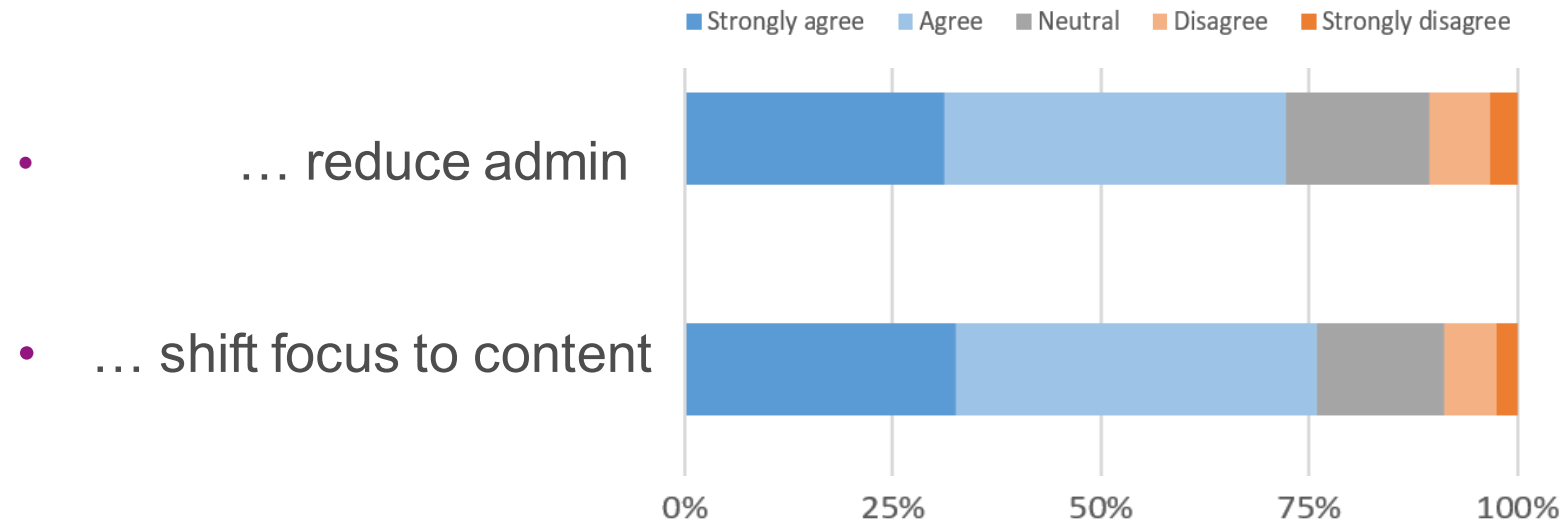
- Learning curve not yet completed (inside and outside the Commission)
- Some concerns persist
- We monitor the system and improve it if needed
- First assessment (2021) was positive, but few lump sum grants had been completed
- Second assessment (2024) will draw on a much bigger pool of proposals and grants

Lump sum surveys in Q4 2023

- Nearly 14,000 lump sum participants and more than 1,000 experts
- Good response rates; overall feedback clearly positive
- 2nd lump sum assessment report expected in Q2 2024

Positive feedback in recent surveys (Q4 2023)

Large majority of participants agree that lump sums...



Same feedback from expert evaluators

Resources available

One dedicated [lump sum page](#) on the Funding & Tenders Portal with:

Video tutorials

- [Overview of lump sum funding](#)
- [Detailed budget table](#)
- Horizon dashboard for lump sum evaluations

Guidance documents

- [What do I need to know? & Quick guide](#)
- [Frequently asked questions](#)
- [Detailed guidance for participants](#)
- [Lump sum briefing slides for experts](#)

Reference documents

- [Model Grant Agreement Lump Sum](#)
- [Decision authorising the use of lump sum contributions under the Horizon Europe Programme](#)

Studies

- [European Commission assessment](#) (October 2021)
- [European Parliament \(STOA\) study on lump sums in Horizon 2020](#) (May 2022)

Events

- Future events
- Past events and recordings



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Personnel unit costs (from Q2 / 2024)



Personnel Unit Costs – from Q2 2024



Why a new unit cost for personnel?

- > 60% of the average grant is for personnel
- Personnel costs account for most of the errors

Advantages

- Daily rate agreed upfront – no calculations, no errors
- Complementary to lump sums

Launch

- Announced by Commissioner at R&I Days in March (tbc)
- Communication campaign to inform and explain
- Ready to use from 1 May



Personnel unit costs – main features

**envisaged
implementation:
Q2 2024*

NEW!

Daily rate

Total staff costs of
the beneficiary in
the last closed full
financial year

/ 215

Annual work units
in the last closed
full financial year

A **DAILY RATE** fixed ex-ante for the individual beneficiary

Applicable to **all persons** working for the beneficiary

Applicable to **all HE 'actual costs' grants** of the beneficiary

OPTIONAL: actual costs still apply by default

Beneficiaries in the same grant **may use different options**

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Blind evaluation and rebuttal pilots





Pilot on Blind Evaluation

- A pilot on Blind Evaluation has been launched in the Horizon Europe WP 2023-24
- **16 two-stage calls** in 2023 and 2024 are taking part in the pilot
- It only concerns the **first stage application** of two-stage calls
- First-stage proposals of two-stage submissions are evaluated blindly

- **NEW** admissibility criterion for the pilot (stage-1 proposals)



No identification data can be mentioned by applicants in the proposal's **Part B**, otherwise **inadmissible proposal**

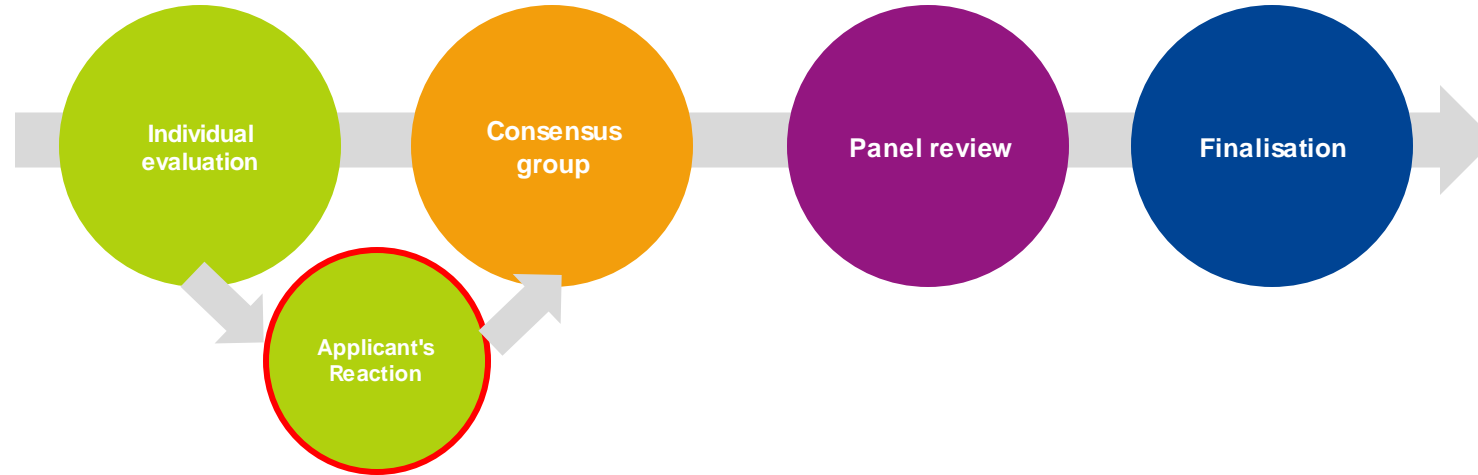


Pilot on Blind Evaluation – state of play

- Current state of play:
 - 11 calls participating in the pilot finished the first stage evaluation phase;
 - 5 calls recently closed, with 1st stage deadlines in February 2024.
- Feedback is collected from applicants, evaluators and call coordinators through a dedicated questionnaire.
- Analysis of the pilot is ongoing; it will be completed once the evaluations in the pilot have finished.



Right-to-react (rebuttal) pilot



- Objective of introducing the rebuttal step was to **increase transparency**, to correct any **factual or major misunderstandings** by experts at an early stage, and to provide more **detailed feedback** to applicants.
- After receiving draft experts' comments, applicants had the possibility to react to them in writing.
- Experts took applicants' reaction into account before finalising their assessment of the project.



Right-to-react (rebuttal) – state of play

- Four Horizon Europe calls participated in the pilot, from different parts of the programme.
- Most applicants made use of the opportunity to react to experts' comments.
- The findings from the pilot are being analysed. A decision on the future of the rebuttal mechanism in HE is expected soon.

The rebuttal process used in the EIC Accelerator call 2023 was discontinued. It is no longer used for the EIC Accelerator call 2024.





Thank you!

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<http://ec.europa.eu/horizon-europe>



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