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2020

## **ERA-NET COFUND Financial Aspects – General Principles**

An overview and practical examples  
October 2016

- ❖ **general financial aspects ERA-NET Cofund**
- ❖ **eligible costs and EC contribution**
- ❖ **calculation of EC contribution**
- ❖ **use of EC contribution**
- ❖ **Timing**
- ❖ **Reports and payments**
- ❖ **Summary**

## ERA-NET COFUND general financial aspects (1)

- ❖ ERA-NET COFUND has the **central and compulsory element of implementing one substantial joint call with EC top-up funding (cofunded call)**.
- ❖ In addition to the 1 cofunded call there is the possibility to implement **additional joint activities** (other joint calls, events etc.) which are fixed in the grant agreement.
- ❖ The **financial contributions** of Member States can be **in-cash or in-kind contributions**. **This overview is focusing on the cash-based COFUNDs.**

## ERA-NET COFUND general financial aspects (2)

### Option 1:

1 cofunded call (contribution in cash) only, no additional joint activities during 5 years:

→ EC contribution = top-up funding for the 1 cofunded call

### Option 2:

1 cofunded call (cash-based) + additional joint activities (e.g. other joint calls):

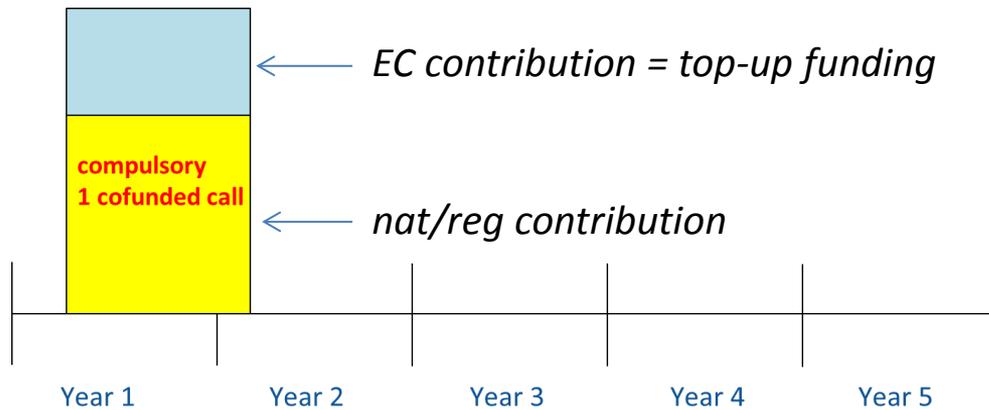
→ EC contribution = a) top-up funding for the 1 cofunded call

+

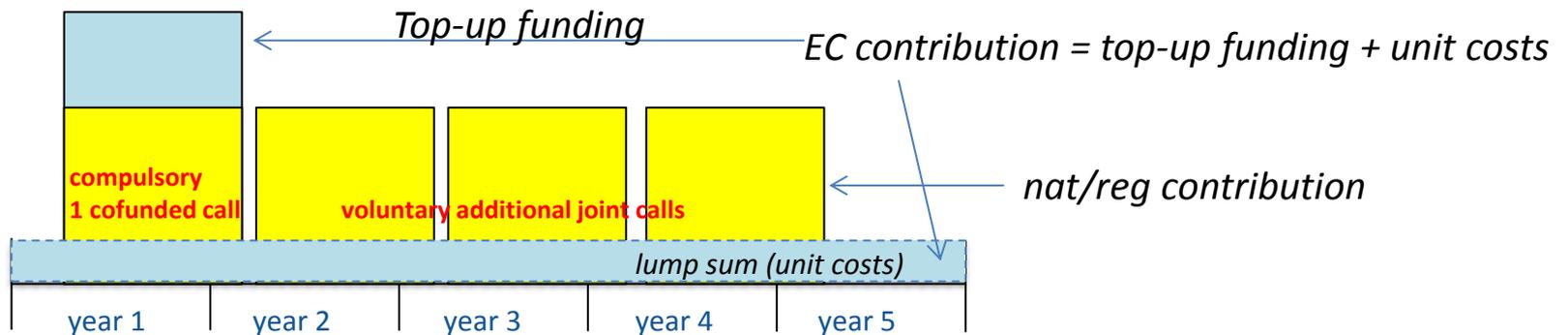
b) lump sum (unit costs) for additional joint activities

[ **Option 3:** 1 cofunded call (contribution in kind) ... only in exceptional cases] – more information in “In-Kind/ Institutional ERA-NET-COFUND-Projects”-Presentation (<https://www.era-learn.eu/manuals-tools/p2p-in-h2020/practical-documentation> )

### Option 1: 1 cofunded call only , no other activities during 5 years



### Option 2: 1 cofunded call + other joint activities (e.g. other joint calls)



## ERA-NET COFUND eligible costs and EC contribution(1)

- ❖ The EC contribution is calculated on the basis of the eligible costs.
- ❖ There are 3 types of eligible costs:
  - a) direct costs related to transnational projects;
  - b) direct coordination costs for of additional activities;
  - c) indirect costs.

a) = the total funding transferred to the transnational projects funded from the 1 cofunded call

b) = a lump sum of 29.000 € per beneficiary per year (so-called Unit Costs) if a beneficiary is involved in additional activities

c) = a flat rate of 25% on top of the Unit Costs b)

The EC contribution is max. 33% (*or less!*) of the total eligible costs.

❖ Example without additional activities:

Beneficiary	Direct costs of providing financial support to third parties related to transnational projects	Total eligible costs	Reimbursement rate	EC contribution
1	2.000.000	2.000.000	33%	660.000
2	2.000.000	2.000.000	33%	660.000
3	2.000.000	2.000.000	33%	660.000
4	2.000.000	2.000.000	33%	660.000
5	2.000.000	2.000.000	33%	660.000
<b>Total</b>	<b>10.000.000</b>	<b>10.000.000</b>		<b>3.300.000</b>

❖ Example with additional activities:

Beneficiary	Direct costs of providing financial support to third parties related to transnational projects	Units (ie. years)	Total Unit Costs	Indirect costs	Total eligible costs	Reimbursement rate	EC contribution
1	2.000.000	5	145.000	36.250	2.181.250	33%	719.813
2	2.000.000	5	145.000	36.250	2.181.250	33%	719.813
3	2.000.000	5	145.000	36.250	2.181.250	33%	719.813
4	2.000.000	5	145.000	36.250	2.181.250	33%	719.813
5	2.000.000	5	145.000	36.250	2.181.250	33%	719.813
<b>Total</b>	<b>10.000.000</b>	<b>25</b>	<b>725.000</b>	<b>181.250</b>	<b>10.906.250</b>		<b>3.599.063</b>

# ERA-NET-COFUND

## Calculation of EC contribution (1)

The max. EC contribution is calculated on the basis of the preliminary nat./reg. commitments from EU member states & associated states & third countries eligible for EC contribution (see list of countries <sup>1</sup>) at the time of submitting the proposal.

The EC funding rate for ERA-NET COFUND is up to 33%. However, in case of relatively high nat./reg. commitments and a relatively small EC contribution (fixed in the H2020 work programme) the actual EC funding rate could be less than 33%.

### Template for ERA-NET COFUND proposals:

Participant number	Country – short name	(a) Initial national call contribution [€]	(b) indicative possible additional national call contribution (optional) [€]	(c) Requested EU Contribution [€]	Minimum total call budget [€] (a + c)	Maximum total call budget [€] (a + b + c)
<b>Total</b>						

<sup>1</sup>Eligible for funding: [http://ec.europa.eu/research/participants/data/ref/h2020/other/wp/2016-2017/annexes/h2020-wp1617-annex-a-countries-rules\\_en.pdf](http://ec.europa.eu/research/participants/data/ref/h2020/other/wp/2016-2017/annexes/h2020-wp1617-annex-a-countries-rules_en.pdf)

## Calculation of EC contribution (2)

Some third countries (high-income countries) can participate but their commitments are not considered for calculating the EC contribution<sup>1</sup>. Structural funds (ESIF) are also not eligible for EC top-up funding. Example:

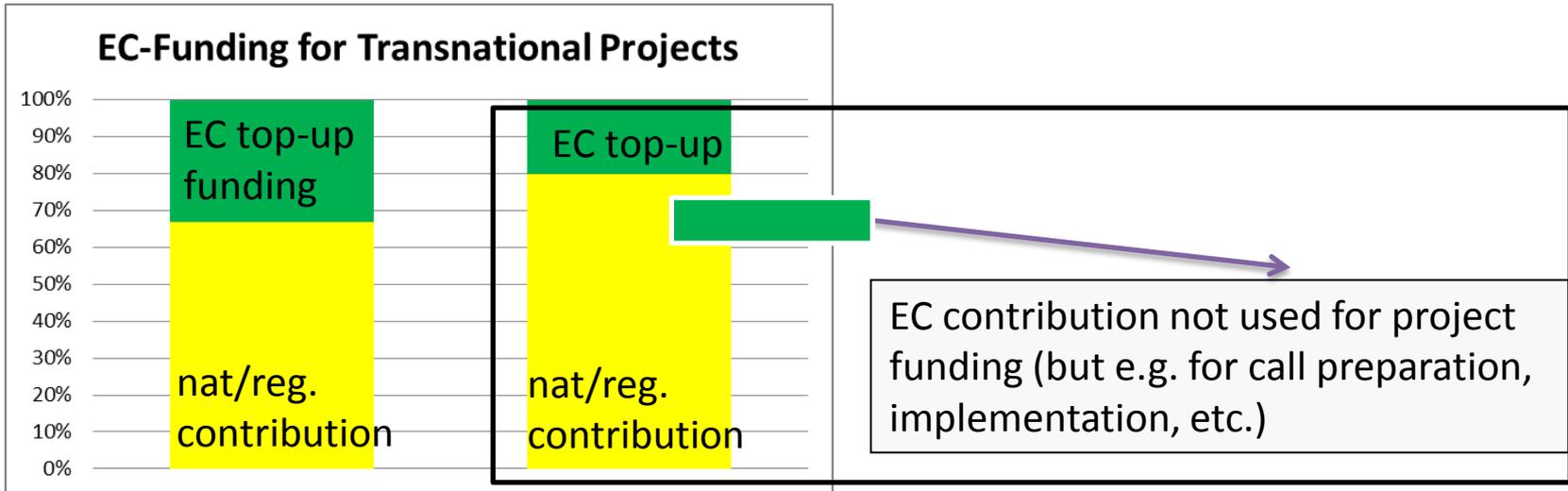
national commitment AUSTRIA ( <i>EU member</i> )	1.340.000 €
regional commitment BELGIUM-WALLONIA ( <i>EU member</i> )	1.340.000 €
national commitment FRANCE ( <i>EU member</i> )	1.340.000 €
national commitment SOUTH AFRICA ( <i>third country eligible for EC funding</i> )	1.340.000 €
regional commitment ( <i>struct.funds</i> ) REGIONE CALABRIA ( <i>EU member but uses ESIF</i> )	1.000.000 €
national commitment SWITZERLAND ( <i>third country not eligible for EC funding</i> )	1.000.000 €
national commitment TURKEY ( <i>H2020 associated state</i> )	1.340.000 €
national commitment USA ( <i>third country not eligible for EC funding</i> )	1.000.000 €
<b>→ total national/regional commitments</b>	<b>9.700.000 €</b>
<b>but: total funding EU members + associated states + elig. 3<sup>rd</sup> countr.</b>	<b>6.700.000 € (=67%)</b>
<b>→ max. EC contribution (based on EU MS + AS + elig. 3<sup>rd</sup> c.)</b>	<b>3.300.000 € (=33%)</b>
<b>Total contributions EU MS + AS + elig. 3<sup>rd</sup> c. + EC top-up</b>	<b>10.000.000 € (=100%)</b>
<b>Total call budget</b>	<b>13.000.000 €</b>

→ to receive an EC contribution of 3.3 M€ the national/regional committed funding from EU members + associated states + eligible third countries must be at least 6.7 M€.

## ERA-NET COFUND

### Use of EC contribution (1)

- ❖ The calculation of the EC contribution is always based on the eligible costs but **the actual use of the EC contribution is up to the consortium.**
- ❖ The practical terms of using the EC contribution - often called “black box” – are defined in the Consortium Agreement.
- ❖ The maximum EC contribution **cannot exceed** the absolute amount defined in the Grant Agreement but it **can actually become less** than 33% depending on the absolute national/regional contributions.
- ❖ The consortium can decide to use part of the EC contribution to cover the implementation cost of the ERA-NET COFUND; in this case the EC funding rate related to transnational projects will decrease correspondingly; the gap has to be filled with additional national/regional project funding.



Example (without additional activities):

	€	%	€	%
Nat/reg funding for transnational projects	6.700.000	67%	7.500.000	75%
EC top-up funding for transnational projects	3.300.000	33%	2.500.000	25%
<b>Total</b>	<b>10.000.000</b>	<b>100%</b>	<b>10.000.000</b>	<b>100%</b>
	<b>Implementation costs</b>		<b>800.000</b>	

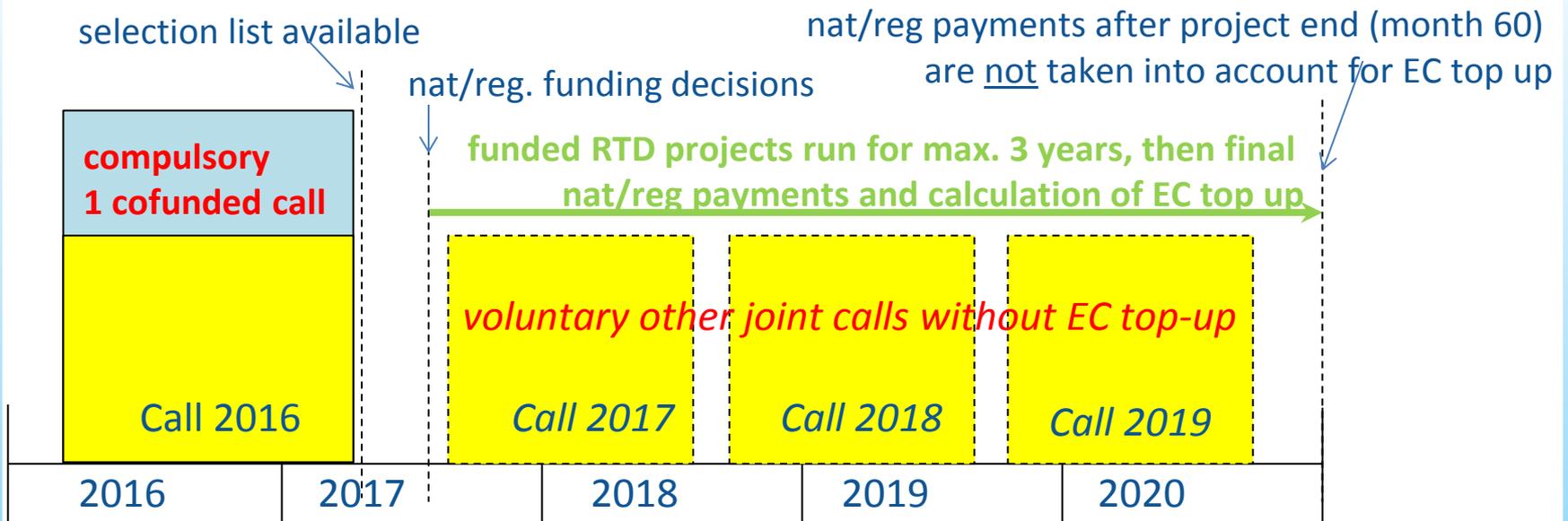
Don't mix up the basis for the EC contribution (ie. the eligible costs) and the use of the EC contribution.

facts:

- ❖ (preliminary) nat./reg. commitments are due at the time of H2020 proposal submission
- ❖ total duration ERA-NET COFUND 60 months
- ❖ RTD projects funded from the cofunded call must be completely paid before month 60

Recommendations for the 1 cofunded call:

- funding decisions not later than month 18
- selection list not later than month 15
- call launch not later than month 3



Old EC-Contracts:

**1<sup>st</sup> Pre-financing (10% of total EC contribution, with 5% going to the guarantee fund)**  
 based on ERA-NET Cofund Grant Agreement (planned call budget with initial nat/reg commitments)

**2<sup>nd</sup> Pre-financing (80% of total EC contribution)** based on actual requested funding following call evaluation results

**Payment of the balance** on the basis of actual financial support paid to third parties, according to nat/reg funding rules



month1

Planned budget by consortium

Selection list of cofunded call;  
Formal financing commitments

M36:  
progress report

Final report (month 60+2)  
Funding paid

month60

### New EC-Contracts:

**1<sup>st</sup> Pre-financing (30% of total EC contribution, with 5% going to the guarantee fund)**

based on ERA-NET Cofund Grant Agreement (planned call budget with initial nat/reg commitments)

**2<sup>nd</sup> Pre-financing (60% of total EC contribution)** based on actual requested funding following call evaluation results

**Payment of the balance** on the basis of actual financial support paid to third parties, according to nat/reg funding rules

Phase 1: Cofunded call & evaluation

Phase 2: Transnational projects implementation

Call preparation

Call publication/  
advertising

Evaluation

Step 1

Step 2

1<sup>st</sup> reporting period

2<sup>nd</sup> reporting period

month1

month60

Planned budget by consortium

Selection list of cofunded call;  
Formal financing commitments

M36:  
progress report

Final report (month 60+2)  
Funding paid

**New EC-Contracts:**

Option: 3 reporting periods

**1<sup>st</sup> Pre-financing (30% of total EC contribution, with 5% going to the guarantee fund)**

based on ERA-NET Cofund Grant Agreement (planned call budget with initial nat/reg commitments)

**2<sup>nd</sup> Pre-financing (30% of total EC contribution)**

based on actual requested funding following call evaluation results

**M 36: periodic technical report and request for 3<sup>rd</sup> 30% of EC contribution**

**Payment of the balance on the basis of actual financial support paid to third parties, according to nat/reg funding rules**

Phase 1: Cofunded call & evaluation

Phase 2: Transnational projects implementation

Call preparation

Call publication/  
advertising

Evaluation

Step 1

Step 2

1<sup>st</sup> reporting period

2<sup>nd</sup> reporting period

month1

Planned budget by consortium

Selection list of cofunded call;  
Formal financing commitments

M36: progress report

Final report (month 60+2)  
Funding paid

month60

- ❖ The total EC contribution is based on eligible costs.
- ❖ The EC funding rate for ERA-NET COFUND is up to 33%.
- ❖ Additional activities are refunded with lump sums = Unit Cost funding
- ❖ The consortium is free to define the real use of the EC contribution in the Consortium Agreement.
- ❖ There are 2 views: The eligible costs for calculating the EC contribution and the real use of the EC contribution.
- ❖ If part of the EC top-up funding is used to cover the implementation costs (in addition to unit costs, if applicable) the resulting funding rate for transnational projects will be less than 33% and the difference has to be covered by additional national/regional contributions.

- ❖ 85% of the total EC contribution will be paid (2 pre-financings) before any national/regional payments to funded projects are due.
- ❖ National/regional funding organisations have to advance 15% of the EC contribution to the funded transnational projects, to be reimbursed by the EC after the final report (month 60+2) is accepted by the EC.
- ❖ The real EC contribution will be calculated at the end of the ERA-NET COFUND project (month 60+2) based on the real nat./reg. funding paid to projects from the 1 cofunded call and can be smaller but can never be larger than originally requested  
→ **for safety reasons it is advisable to commit as much as possible and aim to receive & fund as many proposals as possible**
- ❖ All nat./reg. payments to RTD projects from the cofunded call must be completed within 60 months; later payments will not be topped-up.  
→ **the timing of the call procedures including all phases must be carefully designed to avoid surprises at the end of 5 years.**

- ❖ ERA-NET COFUND: Guidelines & Practical Documentation:  
<https://www.era-learn.eu/manuals-tools/p2p-in-h2020/practical-documentation>
- ❖ ERA-NET COFUND: FAQ:  
[http://ec.europa.eu/research/participants/docs/h2020-funding-guide/cross-cutting-issues/era-net\\_en.htm](http://ec.europa.eu/research/participants/docs/h2020-funding-guide/cross-cutting-issues/era-net_en.htm)