



ERA
LEARN
2020

ERA-NET COFUND Implementation costs

An Overview and practical Examples
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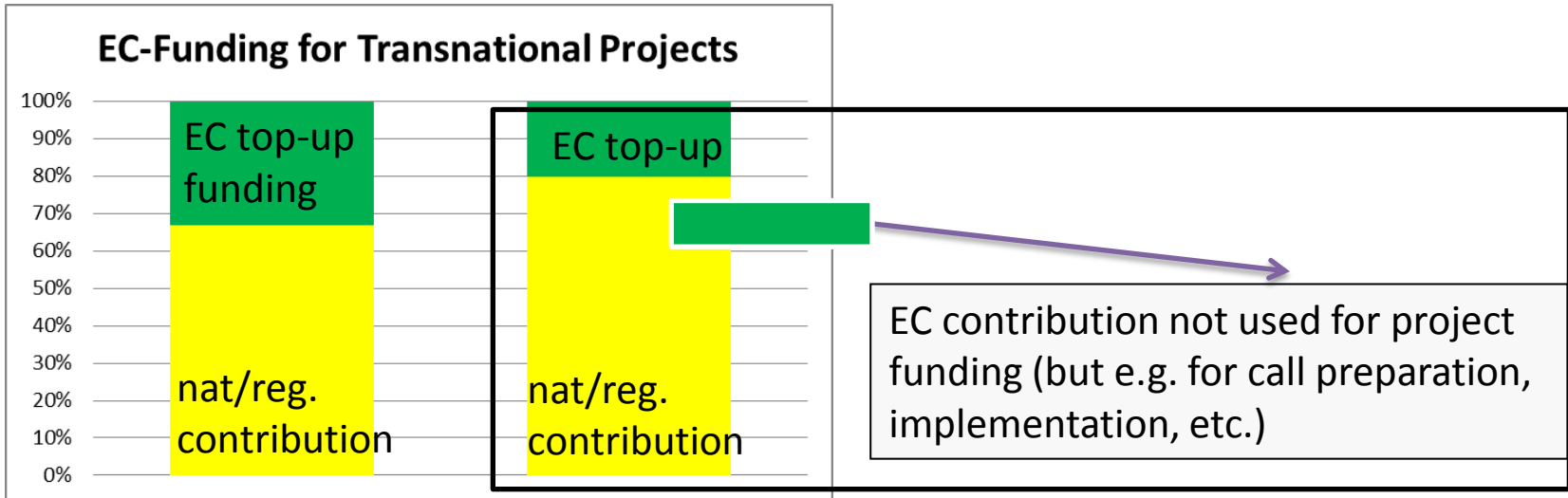
- ❖ **Use of EC contribution**
- ❖ **4 options to cover the implementation costs**
- ❖ **Summary**

Note: This overview is focusing on the cash based COFUNDS.

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%
Total	10.000.000	100%	10.000.000	100%
	Implementation costs		800.000	

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

ERA-NET COFUND Implementation Costs

- ❖ It is up to the consortium to agree on how to cover the implementation costs
- ❖ ERA-LEARN identified in a study 4 main options which are in use by the existing ERA-NET COFUND networks
- ❖ These 4 options are included in the template for an ERA-NET COFUND Consortium Agreement
- ❖ In the following slides these 4 options are presented in detail.

Implementation Costs (and use of EC funding)

Overview:

4 main options have been identified/applied by consortia:

- ❖ **Option 1:** Only a defined group of parties may claim implementation costs. The EC contribution for Unit costs and the related indirect costs will be paid to each of the parties according to their involvement in additional activities.
- ❖ **Option 2:** Costs of each party are calculated. These costs are subtracted from the EC contribution .
- ❖ **Option 3:** Each of the parties contributes with its Unit Costs and a specific additional agreed budget to the implementation costs
- ❖ **Option 4:** Implementation costs are covered with the EC contribution (Unit costs and EU-Top-up), travel/subsistence budget is foreseen for attending network meetings; reserve fund for additional activities

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Implementation Costs: Option 1 (1)

- ❖ Only a defined group of parties may claim implementation costs. The EC financial contribution for Unit costs and the related indirect costs will be paid to each of the parties according to their involvement in additional activities.
- ❖ Example Option 1: Eligible costs

Beneficiary	Total funding for the Trans-national Projects	Units	Unit Costs in Total	Indirect Costs	Total Eligible Costs	EC Funding Rate	EC Funding
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
Total	10.000.000	25	725.000	181.250	10.906.250		3.599.063

❖ Example Option 1: Use of funding – Black box

Beneficiary	Implementation costs	Unit costs funding	Total Amount of EC contribution for Beneficiary
1	200.000	59.813	259.813
2		59.813	59.813
3	100.000	59.813	159.813
4		59.813	59.813
5	500.000	59.813	559.813
Total	800.000	299.063	1.099.063
	EC funding left for transnational projects		2.500.000

- From the total EC funding (3.599.063 €) 800.000 € are taken to cover the implementation costs.
- Unit cost funding is transferred to each beneficiary as foreseen (299.063 €).
- The remaining 2.500.000 € of the EC funding is used for transnational projects.

❖ Advantages:

- ❖ efforts of beneficiaries highly active in implementing the COFUND are reimbursed (call secretariat, coordination ...).
- ❖ Each beneficiary gets unit costs funding to cover travel costs and agreed efforts.
- ❖ because of the unit costs there might be higher motivation to take part in the additional activities; no involvement = no payment
- ❖ a part of the EC contribution is available for the transnational projects, which is in particular helpful to fill gaps in the ranking list.

❖ Disadvantage:

- ❖ There might be insufficient financial contribution when a beneficiary has to revoke or a transnational project fails etc.:

Beneficiary	Implementation costs	Unit costs funding	Total Amount of EC contribution for Beneficiary	Beneficiary	Total funding for the Trans-national Projects	Units	Unit Costs in	Indirect Cost	Total Eligible Costs	EC Funding Rate	EC Funding
1	200.000	59.813	259.813	1	2.000.000	5	145.000	36.250	2.181.250	33%	719.813
2		59.813	59.813	2	2.000.000	5	145.000	36.250	2.181.250	33%	719.813
3	100.000	59.813	159.813	3	2.000.000	5	145.000	36.250	2.181.250	33%	719.813
4			-	4			-	-	-	33%	-
5	500.000	59.813	559.813	5	2.000.000	5	145.000	36.250	2.181.250	33%	719.813
Total	800.000	239.250	1.039.250	Total	8.000.000	20	580.000	145.000	8.725.000		2.879.250
EC funding left for transnational projects			2.500.000								
Total EC funding needed			3.539.250	Difference							
				- 660.000							

ERA-NET COFUND Implementation Costs Option 2 (1)

❖ Option 2: Costs of each party are calculated. These costs are subtracted from the EC contribution.

❖ Example Option 2: Eligible costs

Beneficiary	Total funding for the Trans-national Projects	Units	Unit Costs in Total	Indirect Costs	Total Eligible Costs	EC Funding Rate	EC Funding
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
Total	10.000.000	25	725.000	181.250	10.906.250		3.599.063

❖ Example Option 2: Use of funding – Black box

Beneficiary	Personal Costs	Travel Costs	Other Costs	Total
1	190.000	20.000	50.000	260.000
2	129.000	20.000		149.000
3	240.000	50.000	20.063	310.063
4	180.000	20.000		200.000
5	130.000	20.000	30.000	180.000
Total	869.000	130.000	100.063	1.099.063
	EC funding left for transnational projects			2.500.000

- From the total EC funding (3.599.063 €) 1.099.063 € are taken to cover the implementation costs.
- Unit cost funding (299.063 €) is not transferred to the beneficiaries separately – the cost calculation is based on real expenditures
- The remaining 2.500.000 € of the EC funding is used for transnational projects

❖ Advantages:

- ❖ Implementation costs are calculated as real cost (similar to CSA in FP7)
- ❖ Differences in salaries can be covered in a realistic way; no over- or under-payment.
- ❖ Each beneficiary is reimbursed according to its efforts

❖ Disadvantages:

- ❖ There might be insufficient financial contribution when a beneficiary has to revoke or a transnational project fails etc. similar to option 1
- ❖ The real expenses are only available at the end of the project meaning that the budget available for transnational projects is unclear – this might result in insufficient financial contribution for the beneficiaries:

Calculation					Cost reported at the end of the Cofund Action				
Beneficiary	Personal Costs	Travel Costs	Other Costs	Total	Beneficiary	Personal Costs	Travel Costs	Other Costs	Total
1	190.000	20.000	50.000	260.000	1	195.000	20.000	50.000	265.000
2	129.000	20.000		149.000	2	129.000	20.000		149.000
3	240.000	50.000	20.063	310.063	3	240.000	50.000	20.063	310.063
4	180.000	20.000		200.000	4	340.000	20.000		360.000
5	130.000	20.000	30.000	180.000	5	130.000	23.000	30.000	183.000
Total	869.000	130.000	100.063	1.099.063	Total	1.034.000	133.000	100.063	1.267.063
EC funding left for transnational projects				2.500.000	EC funding left for transnational projects				2.500.000
Total EC funding needed				3599063	Total EC funding needed				3.767.063
					Difference				- 168.000

ERA-NET COFUND Implementation Costs Option 3 (1)

❖ Option 3: Each of the parties contributes with its Unit Costs and a specific additional agreed budget to the implementation costs

❖ Example Option 3: Eligible costs

Beneficiary	Total funding for the Trans-national Projects	Units	Unit Costs in Total	Indirect Costs	Total Eligible Costs	EC Funding Rate	EC Funding
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
Total	10.000.000	25	725.000	181.250	10.906.250		3.599.063

ERA-NET COFUND Implementation Costs Option 3 (2)

❖ Example Option 3: Use of funding – Black box

Beneficiary	Unit costs funding	Share of Implementation costs	Payment
1	59.813	219.813	160.000
2	59.813	219.813	160.000
3	59.813	219.813	160.000
4	59.813	219.813	160.000
5	59.813	219.813	160.000
Total	299.063	1.099.063	800.000

- ❖ Unit cost funding are seen as part of the payment of each beneficiary for the implementation cost – 299.063 EURO
- ❖ From the total EC funding (3.599.063 EURO) 3.300.000 € is used for the transnational projects

ERA-NET COFUND Implementation Costs Option 3 (3)

❖ Advantages:

- ❖ Most of the funding is used for the transnational projects – longer ranking list, more projects will get funding
- ❖ As the use of the funding is the same as the basis for the calculation (eligible costs) there is no risk of insufficient financial contribution associated.

❖ Disadvantages:

- ❖ Each beneficiary has to pay for the implementation costs
- ❖ It might be hard to agree on the amount each partner has to pay (balancing larger and smaller countries, etc.)

ERA-NET COFUND Implementation Costs Option 4 (1)

- ❖ Implementation costs are covered by EC contribution (Unit costs and EU-Top-up funding), travel/subsistence budget is foreseen for attending network meetings; reserve fund for additional activities
- ❖ Example Option 4: Eligible costs

Beneficiary	Total funding for the Trans-national Projects	Units	Unit Costs in Total	Indirect Costs	Total Eligible Costs	EC Funding Rate	EC Funding
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
Total	10.000.000	25	725.000	181.250	10.906.250		3.599.063

❖ Example Option 4: Use of funding – Black box

Beneficiary	Implementation Costs	Travel Costs	Total
1	200.000	20.000	220.000
2		20.000	20.000
3	100.000	50.000	150.000
4		20.000	20.000
5	500.000	20.000	520.000
Total	800.000	130.000	930.000
	Reserve fund for additional activities		169.063
	Total implementation Costs		1.099.063
EC funding left for transnational projects			2.500.000
Total EC funding needed			3.599.063

- From the total EC funding (3.599.063 €) 1.099.063€ are taken to cover the implementation cost
- Unit cost funding (299.063 €) is not transferred to the beneficiaries separately instead of that travel costs are calculated for each partner and a reserve fund for additional activities is created.
- The remaining 2.500.000 € of the EC funding is used for transnational projects

ERA-NET COFUND

Implementation Costs

Option 4 (3)

❖ Advantages:

- ❖ Calculation is closer to real expenditures but not as open as in option 2 (CSA-like style)
- ❖ Travel cost budget allows parties to attend the meeting without charging personal costs – more budget is available for the transnational projects (longer ranking list, more projects will get funding)
- ❖ A reserve fund helps to balance unforeseen expenditures and the involvement in additional activities

❖ Disadvantages:

- ❖ There might be insufficient financial contribution when a beneficiary has to revoke or a transnational project fails etc. – similar as in option 1 or 2

- ❖ The consortium is free to define the real use of the EC contribution in the Consortium Agreement.
- ❖ 4 main options to cover the implementation costs have been applied by P2P so far.
- ❖ It is advisable to define a way how to deal with unforeseen events related to financial aspects (partner revoke, transnational project fails...)

- ❖ 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