

Webinar: Webinar on issues of co-funded European Partnerships – definition and implementation of additional activities beyond joint calls

Summary Q&A Session

On 24 January 2024, the European Commission and ERA-LEARN organised a webinar to explain the concept of “additional activities” with a short presentation by the European Commission on the general principles, a clear practical example from a co-funded European Partnership that has already been successful in executing these additional activities, and a simulation using the Pandemic Preparedness candidate as an example.

This document is a summary of the Q&A session.

Disclaimer: The term “in-kind contribution” was used in several ways during the seminar. For this document, we tried to use a consistent terminology in line with the HE Model Grant Agreement and the Financial Regulation in the replies to avoid misunderstandings. The wording used is just for clarification and do not necessarily reflect existing terms. Neither the European Union nor the ERA-LEARN can be held responsible for misunderstandings. Please get in contact with your Project Officer, your NCPs or the Research Enquiry Service, if you need further clarifications.

Wording used in this document

Additional Activities (former expression used: In-kind activities/contributions) within the partnership refer to any activity that is distinct from and complements the financial support to third parties/transnational calls, i.e. typically “in-house activities”. This can relate to e.g. the coordination and implementation of existing in-house activities or the collection of a joint data set, but other examples are of course possible.

Non-covered costs (other expression used: in-kind contribution): All the activities a partnership implements as defined in the description of the action generates costs. The non-covered costs are that part of the cost of the beneficiaries not reimbursed by the EU contribution.

Non-financial contributions (former expression used: In-kind contribution) are non-financial assets that are being put at the disposal of a partnership and which can be used both in the context of transnational calls (e.g. a research infrastructure) or of other activities (e.g. a dataset for use in a common R&I programme), whose costs (if eligible) can be claimed under an applicable cost category by a beneficiary.

In-kind contributions: They are defined in Article 2 of the Horizon Europe Model Grant Agreement with a reference to Article 2(36) of the EU Financial Regulation 2018/1046, i.e. non-financial resources made available free of charge by third parties. Under Horizon Europe (including for co-funded partnerships), in-kind contributions provided by third parties free-of charge may be declared as eligible direct costs by the beneficiaries which use them (under the same conditions as if they were their own, provided that they concern only direct costs and that the third parties and their in-kind contributions are set out in Annex 1 (see Article 6 and Article 9.2 of the Horizon Europe Model Grant Agreement and related annotations in the AGA).

General aspects

Q: Can a research performing organisation (RPO) which did not sign the grant agreement that implements the partnership participate in an EU co-funded call? If yes, can the RPO receive a top-up?

A: Co-funded partnerships usually launch transnational calls to provide so-called Financial Support to Third Parties ('FSTP'), in compliance with applicable rules defined in Annex I and Annex 5 of the Horizon Europe grant agreement at stake. In this respect, RPOs can apply for funding in these transnational calls and receive FSTP according to the respective national funding rules if their funding agencies participate in the partnership. These RPOs receive FSTP from their national funding agencies. Costs incurred by beneficiaries (e.g., national funding agencies) for providing FSTP can be charged and reimbursed at the applicable funding rate (e.g., 30%) under the Horizon Europe grant agreement in accordance with the applicable costs eligibility conditions.

Q: Do the associated partners have to sign the consortium agreement?

A: Associated partners do not sign the grant agreement. However, beneficiaries must ensure that their associated partners comply with certain grant agreement obligations. With this in mind, there is a need that the beneficiaries ensures that associated partners implement their action tasks as planned and in accordance with the grant agreement. This might be addressed either in the consortium agreement or in a particular agreement with the associated partner.

Background see page 11 AGA: information on so-called associated partners.

Further information: While the Commission is not party to the consortium agreement and thus is not responsible nor competent to comment on model consortium agreements, please note that different models may exist. In this respect, the updated DESCA Model Consortium Agreement template has provisions for associated partners.

**Q: Could an EIT network be a partner in a co-funded partnership and receive EU funding?
What type of participant could it be?**

A: The legal entity of an EIT KIC can be a beneficiary in a co-funded European Partnership. For example EIT HEALTH EV is a member of the European Partnership for Personalised Medicine (<https://www.era-learn.eu/network-information/networks/personalised-medicine>).

Background see AGA page 312 Specific rules for co-funded Partnerships: There is no specific restriction concerning the beneficiaries. However, where applicable, rules on EU double funding may have to be considered.

Q: An RPO is a beneficiary of the Partnership and at the same time participant in a project funded by a National Research Funding Agency from a call that was not run by the Partnership. The focus of the project is within the remit of the Partnership and its results will contribute to the objectives of the Partnership. The RPO is reimbursed for the costs of running the project by the National Research Funding Agency. If the National Research Funding Agency agrees and the Partnership Management agree, can the RPO declare those costs as part of the Partnership? Does it make a difference if the National Research Funding Agency is a beneficiary of the Partnership? The reason for wanting to do this is to be able to find the 70% co-funding from MS, which is a challenge.

A: At proposal stage, the budget table allows for indicating 'other sources of financing,' such as financial contributions received from a national research funding agency. At grant implementation stage, actual costs must be actually incurred by the beneficiary in connection with the action and necessary for its implementation. If the RPO is a beneficiary and the activities are part of the Description of the Action (part of the grant agreement of the particular partnership) the RPO can report the related costs, in compliance with the applicable costs eligibility rules of the Horizon Europe Model Grant Agreement. But the costs cannot be charged twice (RPO and national funding agency).

If the RPO is not a beneficiary in the grant agreement with the EC, costs cannot be charged.

If the national funding agency is a beneficiary and the RPO applies for funding in a transnational call run by the co-funded partnership, there would be FSTP (or so-called 'cascade funding') and the national funding agency could charge its related costs taking into consideration the provisions in ANNEX 5 (specific rules for co-funded partnerships 'firewalls')

Furthermore, if the RPO is not a beneficiary, it might be possible that it works via a subcontract from a beneficiary for implementing certain action tasks in the co-funded partnership, if foreseen in the grant agreement. This provided that applicable costs eligibility conditions are fulfilled, notably that subcontracts comply with best value for money (or if appropriate the lowest price) and no conflict of interests' principles.

Q: Can additional activities only be performed by the members of the consortium? Are research activities part of additional activities?

A: Additional activities are part of the grant agreement (Description of the Action). Ideally, the project work should be implemented by the beneficiaries and their affiliated entities themselves, but if needed, they may involve other partners and rely on outside resources such as subcontractors or associated partners (see AGA page 9 and onwards). Additional activities might also cover research. This depends on the Description of the Action.

Q: If a RPO would like to apply to a call for proposals then this RPO cannot be a beneficiary of the partnership?

A: In principle yes. An exception is described below, if 'firewalls' are in place.

Q: Please clarify the general rules about firewalls. Who can take part in discussions for future joint calls and then apply for them?

A: Beneficiaries of the co-funded partnership cannot in principle be also recipients of the financial support via a transnational project. In fact, even at proposal stage (at grant level) they will have to explain whether they intend to provide financial support to third parties between beneficiaries and -identify the beneficiaries (or other departments of the same beneficiary) which can apply for funding under the co-funded call for proposals. Beneficiaries that are not identified may not apply for funding under the joint calls.

Each beneficiary organising the transnational calls has to detail its individual measures to mitigate the conflicts of interests in the grant agreement, including, but not limited, to staff separation and information barriers. In order to further avoid conflicts of interests, beneficiaries must also set up "firewalls". Beneficiaries that may apply to transnational calls cannot participate in activities dedicated to the preparation, implementation or monitoring of the respective transnational call(s), nor have access to any information pertaining to these activities. This may require to organise meetings in compartmentalized sessions, in order to separate topics and discussions. The measures taken need to be defined in the Consortium Agreement.

Background see AGA p 314: The beneficiaries must set up information barriers ('firewalls') to prevent exchanges or communication that could lead to conflicts of interest or unequal treatment of applicants and ensure independent and fair complaints procedures.

Costs

Q: There are many references to "in-kind" contributions in the discussions. In the Grant Agreement, only in-kind contributions from third parties are mentioned. Is it correct that beneficiaries cannot provide in-kind contributions?

A: The term "in-kind contributions" has a specific definition in the Horizon Europe Model Grant Agreement (see Article 2) within the meaning of Article 2(36) of EU Financial Regulation 2018/1046, i.e. non-financial resources made available free of charge by third parties. A third party refers to a legal entity that does not sign/accede to the Horizon Europe Model Grant agreement (as opposed to an entity that is a 'beneficiary').

In the meaning of the Grant Agreement ("Third parties giving in-kind contributions") there is no scope for a beneficiary to provide in-kind contributions, as any eligible costs incurred by the beneficiaries would be declared as such.

*However, outside of the legal meaning of the term in the Financial regulation and grant agreement, it has also been used to describe any additional, non-call activities in the context of co-funded partnerships (please see explanation about **Non-financial contributions** in the beginning of this document).*

Q: How do in-kind contributions free of charge need to be declared? How are the related indirect costs (25%) calculated and granted?

A: If eligible under the grant agreement (as it is the case in the Horizon Europe Model Grant Agreement), in-kind contribution costs must be declared under the budget category the beneficiary would use if they were their own costs (e.g. 'Personnel costs for seconded persons', 'Equipment costs', 'Costs for other goods, works and services', etc), as actual or unit cost, depending on the rules of the budget category. The indirect costs are linked to the budget categories.

Q: It is logical to restrict the number of beneficiaries for the management of a co-funded Partnership. Some become then affiliated partners, which cannot use art 9.2. in kind contributions. What is the reason for this restriction?

A. As preliminary remark, please note that the exact terminology used in the Horizon Europe Model Grant Agreement is 'affiliated entities' not 'affiliated partners'. 'Affiliated entities' must not be confused with 'associated partners'.

This said, we are not aware of any restrictions beside that mention below.

Generally (See AGA Article 8), affiliated entities can charge costs and contributions to the action under the same conditions as the beneficiaries and must implement the action tasks attributed to them in Annex 1 in accordance with Article 11 of HE MGA. Their costs and contributions will be included in Annex 2 and will be taken into account for the calculation of the maximum grant amount. That means affiliated entities can use (If eligible under the Grant Agreement, as it is the case in the Horizon Europe Model Grant Agreement) in-kind contributions from third parties. They have their own budget and their own financial reports.

Q: Art. 9.2 “Third parties giving in-kind contributions” is allowed, with the exception of the 'internal calls (call open only for the partners of the consortium)', where it is NOT allowed following REA. Are there also such specific exceptions for using art 9.2. in-kind in the co-fund partnerships?

A: In Horizon Europe, including co-funded partnerships actions, in-kind contributions provided by third parties free-of charge may be declared as eligible direct costs by the beneficiaries using them (see article 6 and 9.2 of the HE MGA). Where the co-funded call can be opened for entities that are also beneficiaries of the EU grant or other departments of the beneficiary, a so called “firewall” needs to be in place. This needs to be detailed in the grant agreement (see above).

Costs can be declared ONLY by the beneficiary providing the financial support, NOT by the final recipient receiving the financial support (even if it is at the same time beneficiary of the grant and can therefore declare other costs) (see AGA p 314).

Q: Can you elaborate more on the specifics of the in-kind contributions in the additional activities?

A: Additional activities within the partnership refer to any activity that is distinct from and complements the financial support to third parties/external calls. In the context of the grant agreement, in-kind contributions are non-financial resources made available free of charge by third parties. In the description of the action, the additional activities as well as potential in-kind contributions are fixed. It might be the case that in-kind contributions provided by third parties are used when performing additional activities.

Q What are the specifics of the non-financial contribution in additional activities?

A: Regarding the eligibility requirements for non-financial contributions, and more specifically the type of activities/projects/initiatives/physical assets which qualify for non-financial contributions (research results, data sources, platforms, algorithms, data infrastructure, sensor networks...), potentially everything that is not a financial or cash contribution is allowed, and the

related costs can be entered into the project cost statement by using the categories of eligible costs foreseen in the grant agreement. But if these costs are not fixed in the Grant Agreement they cannot be charged.

Q: Which cost category would be renting of e.g. a venue place for a meeting?

A: This would be C3 “Costs for other goods, works and services” (for details see AGA page 90).

Q: For the personnel costs: in the grant agreement, the involvement is specified in person months, but the reporting of the personnel costs is done in days-equivalents. How do you reconcile that?

A: There is no specific rule for co-funded partnerships – Horizon Europe rules apply.

To note that, the person-months figure is used for the reporting but is not used for the calculation of personnel costs or the day-equivalents. The reference to person-months (per work package) is used so that the beneficiaries provide an evaluation of the human resources involved in the action implementation (per work-package). How to calculate person-month is not fixed in Horizon Europe but follows the beneficiary’s usual accounting and management practices subject to applicable labour legislation and/or internal rules.

As regards the calculation of the daily rate and the days-equivalent, further explanations on are given in the AGA page 45 and onwards together with the formula and detailed examples.

Q: Can you please clarify which costs are eligible for the cost category “access to Research Infrastructures (RI)”? Are these the full operational costs of the RI during the time it is offered to external users? Are there any documents with more detailed information on this topic?

A: The specific rules are given in the AGA p. 296 and onwards.

Q: Are the subsistence allowance during travel eligible for the calculation of personnel costs?

A: No, they are part of the travel and subsistence costs (see cost category C.1 of the HE MGA). The specific rules are given in the AGA p. 77 and onwards.

Further information

Annotated Grant Agreement (AGA): https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/aga_en.pdf

ERA-LEARN Support for Partnerships: <https://www.era-learn.eu/support-for-partnerships>

ERA-LEARN Events: <https://www.era-learn.eu/news-events/events>

ERA-LEARN Newsletter: <https://www.era-learn.eu/newsletter>