

Supporting the preparation of future European Partnerships

Session E: Financial management of co-funded European
Partnerships

9th March 2020

Overview

- We set the scene – why are we talking about this? What is the legal framework? ...
- Introduce ERA-LEARN work
- Spice up the debate with a few concrete examples from partnerships
- Discuss!
- Try do identify Do's and Don'ts
- Wrap up

Objective

- Discuss and further develop concepts for consortia to prepare and agree on the financial management of co-funded European Partnerships.
- What are provisions from the side of the European Commission, how can consortia manage contributions from partners and the Union in a flexible manner?
- Learn from experience regarding financial management in Horizon 2020 partnerships and identify do's and don'ts for future financial management

Boundary conditions

Principles

- Programme Co-fund grant agreement between the Commission and a consortium of beneficiaries
- The overall budget of the co-fund action and the Union contribution are defined in the grant agreement for the full duration
- Beneficiaries to the Grant Agreement carry out activities and report their costs
- The Union contribution reimburses part of these
- The funding rate (reimbursement rate) is defined in the call topic and grant agreement
- A **single funding rate** applies to all activities and partners
- The consortium manages the Union contribution and decides (in their consortium agreement) on the allocation to activities and partners

Important: The consortium has to decide internally on the allocation of Union funding, this is not defined by the Commission

Boundary conditions

What are contributions from Partners?

- **Financial contributions:** National/regional contributions to the funding of projects resulting from transnational calls for proposals (cost category: “financial support to third parties”)
 - COM takes into account “costs of funding” according to national funding rules (not costs of projects!)
 - Consortium can also agree on the use of common funding rules (Horizon Europe)
- **In-kind contributions:** Costs of implementing activities by beneficiaries minus Union funding is counted as in-kind contributions.
 - Calculated on the basis of eligible costs
 - Example: a beneficiary carries out activities and reports direct costs (personal, payments for services, payments for expert evaluators, meeting rooms, travel etc.), in addition he receives 25% flat rate for overheads (indirect costs)
 - Funding rate: 30%
 - They report costs with a total of €1Mio, which qualifies for € 300K funding
 - Their in-kind contribution (their own resources) is € 700K.

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Kirsten Baken

Input from:

VITO - Flemish Institute for Technological Research *Greet Schoeters & Kirsten Baken*

Co-coordination of HBM4EU and involved in preparation of Partnership on Chemical Risk Assessment

Experiences – *co-coordination of HBM4EU*

- **HBM4EU funding:**
Overall: 70% EU funding / 30% from partners/countries
Internal distribution: management 100%, aligned studies & chemical measurements 50%, internal calls 50%, other 70%
- **National contributions are difficult** for many (small) countries, resulting in withdrawals. Inclusiveness and sustainability of the consortium/platform is compromised when similar or lower funding would be provided.
- Co-funding needs to be obtained from **multiple ministries/funding organizations** with different timing and conditions for budget allocations.
- A specific construction is needed for **cofunding of activities performed as service by one partner for another one** *eg. cofunding of analytical costs now needs to be arranged by laboratories and cannot be invoiced to sample owners within HBM4EU.*

Plans – *partnership on chemical risk assessment*

- Can RFOs engage in partnerships as suppliers of cofunding when no **internal or open calls** are involved?
- **Two or three year planning** in financial terms (with annual financial reporting and updates of scientific planning on top of the strategic planning in the DoA) since annual discussions on adapting and creating financial plans is a big burden that asks a lot of time and energy.
- **Steer on budget** and allow the partners to allocate their budgets to the right personnel capacities with some flexibility, as scientific progress and personnel turn over is difficult to foresee in such a long time period.

Thank you.

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Input from: ANSES - French Agency for Food, Environmental and Occupational Health & Safety
Preparation of Partnership on Chemicals risk assessment - Adrienne Pittman
EJP One Health Coordinator - Arnaud Callegari & Hein Imberechts
Participation in EJP HBM4EU

Experiences –

Notably from the coordinator of the EJP “One Health” - Arnaud Callegari

- Large **coordination teams and budget** required due to the complexity of the “partnership”, number of partners / actors in the partnership (beneficiaries, linked third parties, multiplication of boards...), different activities, reporting constraints... → **high administrative burden**
- **Co-funding** different according to the activities (100% EU funded activities e.g. costs relating to the organisation of activities undertaken within the partnership and other "co-funded" activities e.g. scientific activities) → variable co-funding rate from one partner to another leads to difficulties in the financial management
- **Calls** and eligibility of in-kind contribution for beneficiaries when use of hybrid calls
- **Budget** → cannot plan precise allocation at proposal stage, while activities are defined according to progress also difficulties in acceptance of a common pot
- **Multiplication of reporting requests** with differing formats (summary progress reports, periodic reports, annual report...) time consuming and reduces efficiency
- **Calendar of reporting** not compatible with research projects and high administrative burden (also need more time for the periodic reporting due to large consortia and many activities: 3-4 months minimum)
- The need for **regularly updated workplans should be included in the GA** to avoid iterative amendments & inconsistency **but their update should not require amendments to the GA**

Plans -

Suggestions we will make for the partnership on Chemicals risk assessment based on our experiences

- Have a **co-coordinator / co-leader** for the Partnership and for each component & building block
- Clear and precise **definition of roles** from the start: who does what, who is responsible for what, including board members, GS, LTPs and including a certain autonomy in the management of the “components”
- **Budget** → need more **flexibility**, need to be able to authorise the non-allocation of budget, acceptance of the idea of a common pot, allocation according to implemented activities as the partnership progresses
 - also need **clear attribution and allocation rules**
- **Reporting** → better rate of planning and reporting of activities undertaken
- Annual **work plans** of EJPs to be replaced by short-term (2-3 years), medium-term (7 years) objectives Work plans
- **Work plans** to be defined for 18 months or 2 years, so that the yearly reporting enables us to adjust the following workplan according to the progress achieved and these updates should not require amendments to the GA
- **Focus on impacts**, budget and time vs. added-value → **flexibility, simplification**

Thank you.

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ANSES:

Coordination of EJP One Health

Involved in the preparation of the Partnership for chemicals risk assessment

Participant in EJP HBM4EU

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Roland Brandenburg (ERA-LEARN)

ERA-LEARN experience and support

- **Ensure that consortia understand the “internal” and “external” financial management**

The use of the EC contribution is up to the consortium (= Black Box) any may therefore follow different arithmetics than the underlying EC calculation –this could lead to misunderstandings and ‘has to be clarified to the consortium

- **Instructions for Reporting**

for many years it has not been clear how additional activities should be reported due to lack of instructions by EC; ERA-LEARN is preparing guiding material for the Model CFS for ERA-NET Cofund

- **use of EC top-up: gap-filling modes**

only after compiling the ranking list the real amounts of requested national/regional funding -and consequently also the most convenient way to share the available EC top-up- are evident; therefore flexibility with percentages is a must. ERA-LEARN tool available.

ERA-LEARN experience and support

- **continuous financial monitoring**

proper financial monitoring of both eligible costs and internal spending is important to identify any risks as soon as possible

- **risk mitigation: Consortium Agreement**

avoid troubles due to unexpected circumstances -Model Consortium Agreement for ERA-NET Cofund compiled by ERA-LEARN with related suggestions

ERA-LEARN service & guidance

Provide information on European Partnerships

- new website on European Partnerships:
<https://www.era-learn.eu/partnerships-in-a-nutshell/r-i-partnerships/european-partnerships-under-horizon-europe>

Facilitate the exchange of experience between networks

- Further workshops for partnerships on specific issues when needed

Guiding material

- tool for distribution of top-up funding
- suggestions for Consortium Agreement
- ERA-LEARN tool-box (manual for joint calls, additional activities,...)
- further suggestions are welcome !

Material provided by ERA-LEARN

Financial Management: Material provided by ERA-LEARN

The **ERA-NET Cofund scheme** was flexible regarding the use of the EC funding. The eligible costs form the basis for the funding but the use of the funding may differ from this funding basis. Generally this was referred to as a “black box”. In a survey ERA-LEARN had identified 4 main options which are in use by existing ERA-NET COFUND networks to cover the implementation costs. These 4 options were included in the template for an ERA-NET COFUND Consortium Agreement.

<https://www.era-learn.eu/documents/f04implementationcosts.pdf>

https://www.era-learn.eu/documents/modelca_cofund_version3.docx

Furthermore an Excel-File was provided to help the consortium to visualise different **uses of the EC funding**; for example the option to put the whole EC top-up in a balancing pot to fill the gaps in the ranking list. The tool is not using any Macros and can be adapted as required for own needs.

https://www.era-learn.eu/documents/ec_top_up_distribution.xlsx

Financial Management: Material provided by ERA-LEARN

Some relevant case studies:

EMRP: https://www.era-learn.eu/documents/eralearn2020_t4-2_casestudyno-2_emrp_corrected_18july2016.pdf

ERA-PLANET: https://www.era-learn.eu/documents/eralearn2020_t43_casestudyno2_eraplanet_20160823.pdf

ERA4CS: https://www.era-learn.eu/documents/eralearn2020_t43_casestudyno2_era4cs_20160921.pdf

**We look forward to collecting & sharing
your information, experience and key lessons learned !
Thank you.**

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Co-funded European Partnerships

Special case:

**Research Funders (RFO) and
Research Performing Organisations
(RPOs) both part of consortium**

Co-funded European Partnerships

Which models can be used?

1. Research and Innovation activities addressed by calls for proposals

- Core partners are national research funding organisations;
- Main component as under today's ERA-NETs is the "Financial support to third parties"
→ **financial contributions from MS;**
- Possibility to have some call topics with, and others without co-funding.

2. Research and Innovation activities directly implemented by the beneficiaries in the Grant Agreement

- Core partners are governmental (research) organisations (example: EJP Zoonoses, EJP Human Biomonitoring);
- Main component are activities carried out by the beneficiaries;
→ **in-kind contributions from MS**
- In case of R&I activities, good practice: internal competitive calls;
- Possibility to have some calls opening up to external expertise.

Important: At this stage all co-funded European Partnerships for the WP2021/2 seem to fall in one of these two categories

Co-funded European Partnerships

RFOs and RPOs in the same consortium

1. Avoid perception of conflict of interest

Firewall between RFOs that prepare calls and evaluations and RPOs

2. Choose the right way of reporting costs

Possibility 1:

- use national funding only, and do not report costs of funding (“as financial support to third parties) under the Co-fund grant agreement

Possibility 2:

- Research performers declare their costs for implementing the project as direct costs under the Co-fund grant agreement

Possibility 3:

- Combine 1 and 2, as long as total funding does not exceed total costs

→ can be interesting if e.g. national funding only finances marginal costs, and personal can be reported to Horizon Europe

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Daria Julkowska (Rare Diseases)

Main facts about the EJP RD

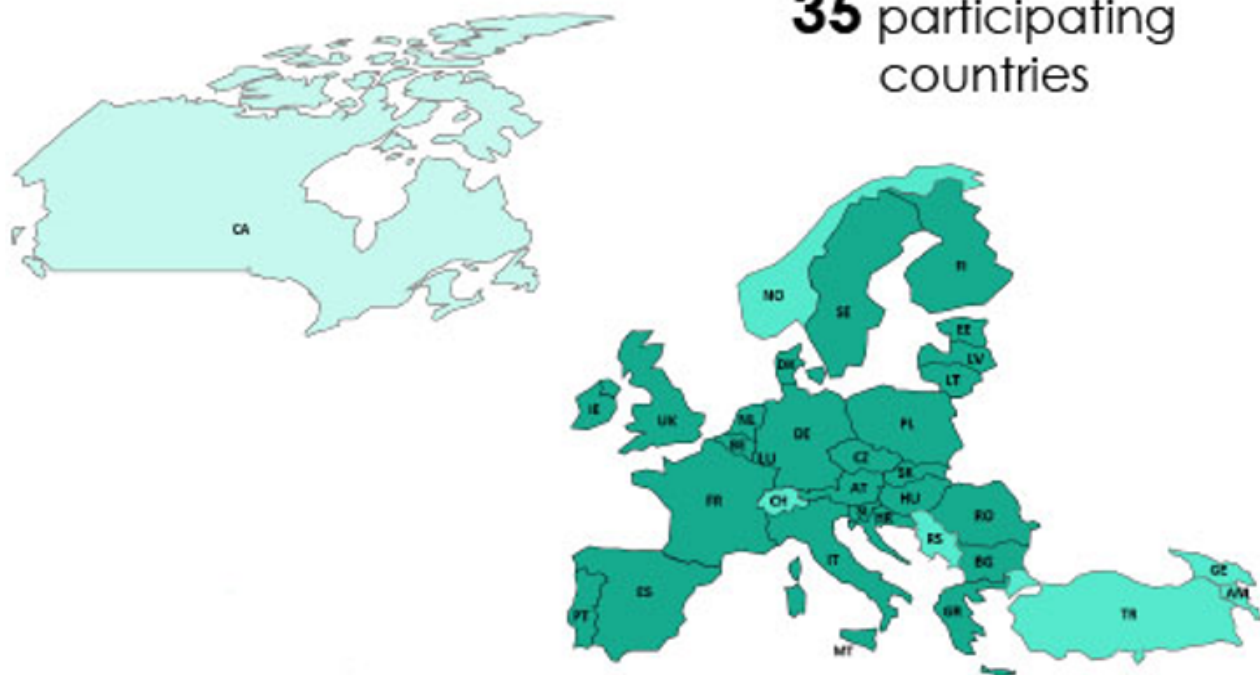
Jan 2019

Dec 2023

Total budget (min. submitted): **101 M€** (→ expected > 110 M€)

Union contribution: 55 M€ (70% reimbursement rate)

35 participating countries



89 beneficiaries

- 31 **research funding bodies**/ministries
- 12 **research institutes**
- 24 universities/hospital universities
- 10 hospitals
- 5 EU infrastructures (BBMRI, EATRIS, ECRIN, ELIXIR, INFRAFRONTIER) + EORTC
- EURORDIS
- 5 charities/foundations (FTELE, AFM, FFRD, FGB, BSF)
- + 50 **Linked Third Parties**

26 EU MS (AT, BE, BG, CZ, DE, DK, ES, EE, FI, FR, GR, HU, HR, IE, IT, NL, LT, LV, LU, MT, PL, PT, RO, SE, SK, SI), 7 associated (AM, CH, GE, IL, NO, RS, TK) and CA, UK

Coordinated by

EJP RD BUDGET SHARE



EJP RD BUDGET SHARE – USE OF THE BLACK BOX

55 M€ (70%) EC contribution → 78.5 M€ minimum total costs of the project

78.5 M€ minimum total costs of the project → 23.5 M€ MS (+ 55 M€ EC)

- Expected IN KIND (Pillars 2, 3 & 4): **12 M€**
- Expected IN CASH (Joint transnational calls & 1 2): **40 M€** (25 M€ JTC1 & 15 M€ JTC2)
- “Additional” budget/spending required to justify = **23.5 €**
- Expected “additional” budget/spending to be justified = **52 M€**

| Pillar N° | Cost | Distribution if 70% to all | Cost | Real internal distribution | Black box |
|--------------------------|---------------|----------------------------|---------------|-------------------------------|--------------|
| P0 (coordination & mgmt) | 9 000 000 € | 6 300 000 € | 9 000 000 € | 9 000 000 € | 2 700 000 € |
| P1 | 56 000 000 € | 39 200 000 € | 56 000 000 € | 10 000 000 € + 6 000 000 € | 6 000 000 €* |
| P2 | 25 000 000 € | 17 500 000 € | 25 000 000 € | 17 500 000 € | ----- |
| P3 | 7 000 000 € | 4 900 000 € | 7 000 000 € | 6 000 000 € | 1 100 000 € |
| P4 | 9 500 000 € | 6 650 000 € | 9 500 000 € | 6 650 000 € | ----- |
| TOTAL | 106 500 000 € | 75 550 000 € | 106 500 000 € | 55 150 000 € | 9 800 000 € |

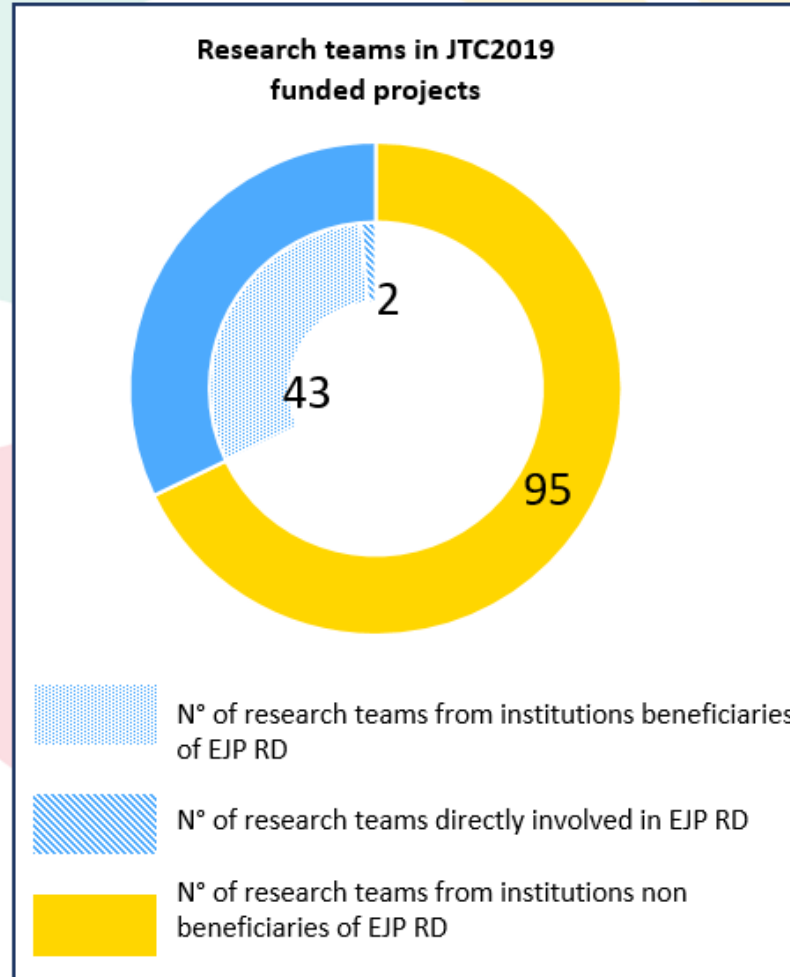
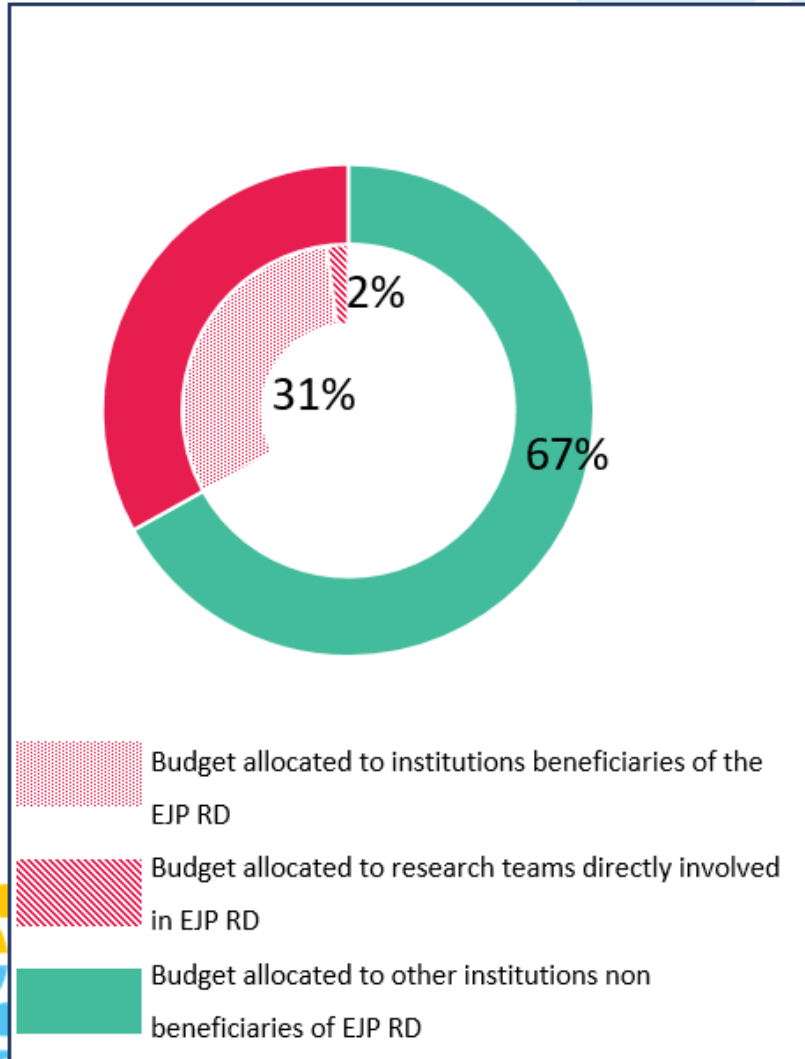
EJP RD - ACTIVITIES PRODUCING ELIGIBLE COSTS

- PILLAR 0 (Coo & transversal activities): management, communication, organization of strategic meetings, sustainability strategy (subcontracting)
- PILLAR 1: Open calls for projects:
 - Multinational research projects (JTCs)
 - Networking events
 - Joint funding of projects with industry
- PILLAR 2: coordinated access to data & resources
 - Direct (NEW!) research activities
 - Services & infrastructure building
- PILLAR 3: Training & empowerment
 - Trainings/workshop/fellowships (expanding of existing ones & creation of new)
 - E-learning courses (creation & platform subcontracting)
- PILLAR 4: Acceleration of research translation & clinical trials
 - Direct (NEW!) research activities (internal calls)
 - Buidling & provision of new services

How to account for and report on R&I activities of partners that receive funding from other partners in the consortium ?

Joint transnational calls: where is the problem?

Beneficiary vs third party OR research institution vs research team ?



- Although most of funded research projects includes an EJP RD beneficiary **institution**, the **research teams** from these institutions represent only 32% of all funded research partners
- 31% of the budget spent in the JTC2019 is distributed to research institutions beneficiaries of the EJP RD **BUT** only **2%** of the budget goes to research teams involved directly in the EJP RD

Financial follow up of research teams funded in JTCs and directly involved in the EJP RD

- Based on close collaboration between EJP RD coordination (financial officer) and Pillar 1 (funders)
- Once the call is finalised and funding decision taken: Identification of research teams directly involved in the EJP RD and funded through a JTC
- Analysis of the tasks planned in both projects (EJP RD and JTC funded project) and identification of potential overlap
- Notification send to the relevant research teams by the coordination
- Close financial monitoring as no double funding is allowed
 - By the financial manager of the respective beneficiary institution
 - By the EJP RD Financial manager (2nd check)

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with input from K. Baken and G. Schoeters, VITO (HBM4EU co-coordinator)

Experience – HBM4EU and ERA Planet

- HBM4EU: 70% EU funding / 30% from grant signatories
Internal distribution: management 100%, but for research/technical work it is less: aligned studies 50%, internal calls 50%, other 70%, in large consortia, lot of is spent on management and research only comes second, delayed and “less”
- ERA Planet: 50 % EU funding /50 % national contributions
- National contributions (50% in kind) are difficult for many consortium partners from smaller countries, resulting in withdrawals or low interest even if expertise is there and is critical for wider use. Range of expertise and pan-European coverage/impact of a consortium/platform risks to be hindered if similar or even lower share of EU funding would be provided in the future.
- national co-financing needs to be obtained from national “programme owners” = ministry(ies), but their budgets are not adapted to this
- national funding organizations - a long gap from decision on a funding priority until an open call is organized (beyond duration of a 3 yr project...) - thus impossible to use so far.
- some potential and very valuable LTP unable to administer grants due to national institutional structure.
- financial reporting: heavy

Thank you.

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RECETOX, Masaryk University: national hub coordinator of HBM4EU, ERA Planet and involved in
preparation of Partnership on Chemical Risk Assessment