

# Lump sum project funding - pilots in H2020 grants

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# Why?

## **1) Huge simplification potential:**

*Despite all simplification, funding based on **reimbursement of incurred costs** stays **complex** and **error-prone**. Lump sum project funding **removes** all obligations on **cost reporting** and **financial ex-post audits** – i.e. major **reduction** part of **administrative burden** on beneficiaries and minimisation of financial error rates*

## **2) Focus on performance:**

*Shift of focus of from financial management and checking to scientific-technical content of the projects*

# How?

- Via **pilots** in the 2018-2020 work programme (one or a few call topics in one or two thematic areas)
- Two options under discussion:
  - **a) lump sum per project pre-defined in the call**
  - **b) lump sum fixed individually per project on the basis of cost estimation in the proposal**

# How?

- **Basic concept:** grant agreement fixes a series of lump sums, each linked to a set of conditions; lump sums are paid against the fulfilment of the conditions (not against incurred costs)
- **Conditions** for paying the lump sum (examples): *implementation of an activity (e.g. a clinical study, a series of test runs, a measurement campaign...), the reaching of a milestone etc; i.e. **not** an output in the strict sense of a **positive scientific result**.*

## Option a): Pre-defined project lump sum in the call

- Call for proposals (fictive example):  
*"In topic xyz up to x Research and Innovation Actions will be funded with a lump sum EU contribution per project of y million Euro"*
- Proposals would contain description of planned efforts and resources (but not related costs), plus suggestion for split of the pre-defined project lump sum into "sub-lump sums", each linked to a set of conditions for their release
- Proposal evaluation as today (under "implementation", assessment of proposed conditions for paying the "sub-lump sums")

## **Option b): Individual project lump sum based on budget estimation in the proposal**

- Call for proposals as today
- Proposal contains detailed cost estimation, related to planned efforts and resources, broken down by set of conditions for releasing the respective lump sums
- Evaluators, as part of "implementation", assess appropriateness of resources **and** cost estimations
- Cost estimations, with comments of evaluators, are basis for fixing the set of lump sums

# Grant agreement

- Project lump sum and breakdown into "sub-lump sums" (no breakdown by partners)
- Set of conditions and timing for releasing each "sub-lump sum"
- Potentially: Indicative breakdown of EU contribution by beneficiary

# Questions?

