The Complete Horizon 2020 Budget Preparation Guide

The What

| Objectives 1.1 | → | Concept 1.3 | Ambition 1.4 | ↔ | Relation 1.2 |

The Rationale

The How

| Gantt & Pert charts 3.1 | ↔ | WPs 3.1 | ↔ | Milestones & Deliverables 3.1 |
| D,E&C 2.2 | | Budget 3.4 | ↔ | Consortium 3.3 |

Management 3.2

Impact 2.1 ↔ Call text

Consortium →
- Define functions
- Recruit
- Negotiate
- Manage
- Contribution to the text

Proposal Writing →
- Objectives
- Answer to the call text
- Concept
- Impact
- Work plan
- Budgeting

Proposal

2

The bottom line of any grant application is the foreseen budget for the project and the requested grant amount.

In this regard Horizon 2020 is no exception. Even though the Horizon 2020 budget itself is usually not one of the main evaluation criteria, reviewers will generally refer to the budget to discern additional information about the overall quality of the proposal.

In this way, the final Horizon 2020 budget presentation can be instrumental for the reviewers to realize the work plan's strength or, otherwise, discover potential flaws.

Understanding the links between the various sections of the proposal and budget tables

A rough illustration of the inner logic of the Horizon 2020 grant application *is as follows:*

The first step is to present the project's idea – its objectives, concept and approach, and the expected impact (Sections 1 and 2)

The next step is to form a detailed work plan (Section 3)

Finally, everything must be translated into a Horizon 2020 budget presentation and a requested grant amount.

4

- *Part A: In section 3 of the online form (A form) appears the budget table which essentially requires to provide just the bottom line of the budget for each partner as well as for the entire project duration. Therefore, this table does not provide much insight to the reviewers*

3 - Budget

No	Participant	Country	(A) Direct personnel costs/€	(B) Other direct costs/€	(C) Direct costs of sub-contracting/€	(D) Direct costs of providing financial support to third parties/€	(E) Costs of inkind contributions not used on the beneficiary's premises/€	(F) Indirect Costs € (=0.25(A+B-E))	(G) Special unit costs covering direct & indirect costs €	(H) Total estimated eligible costs € (=A+B+C+D+F +G)	(I) Reimburse-ment rate (%)	(J) Max.EU Contribution /€ (=H*I)	(K) Requested EU Contribution/€
1	Enspire Science Ltd.	IL	0	0	0	0	0	0,00	0	0,00	100	0,00	0,00
	Total		0	0	0	0	0	0,00	0	0,00		0,00	0,00

Table 3.1a: **List of work packages**

WP No.	Work Package Title	Lead Participant No	Lead Participant Short Name	PMs	Start Month	End month
1					MX	MX
2					MX	MX
3					MX	MX
4					MX	MX

Table 3.1b: **Work package description**

Work Package 1: Project Management

Work package number	1			Lead Beneficiary			
Work package title	Project Management						
Participant number	1	2	3	4	5	6	7
Short name of participant							
Person/months per participant							
Start Month	MX			End Month		MX	

- *Part B: The financial indication in the WPs tables in section 3.1 (tables 3.1a and 3.1b), followed by table 3.4a, only provide information about person-months allocation*

Table 3.4a: **Summary of staff effort**

	WPn	WPn+1	WPn+2	Total Person-Months per Participant
Participant Number/Short Name				
Participant Number/ Short Name				
Participant Number/ Short Name				
Total Person Months				

Table 3.4b provides information about any outstanding "other costs" that exceed 15% of the personnel costs. Other costs that are below this threshold should not be included in this table. In fact, notice that there is no 'official' table or place to list such "other costs" (below the 15% of the personnel costs bar).

Table 3.4b: 'Other direct cost' items (travel, equipment, other goods and services, large research infrastructure)

Participant Number/Short Name	Cost (€)	Justification
Travel		
Equipment		
Other goods and services		
Total		

The basis for proper Horizon 2020 budget presentation in Horizon 2020 applications is the understanding of the links between the above mentioned budget tables.

Such focused work brings to attention an inherent significant missing link in the Horizon 2020 application form.

The officially required tables in the Horizon 2020 grant application template do not provide any means for explaining the link between the allocation of person-months to the people involved in the project and the total requested budget for personnel costs (per partner) in the Form A budget table.

There is simply no indication or request for an overall budget presentation of the entire project.

This gap means that the reviewers might not have sufficient details to assess the project's budget as a whole.

Granted, this can be 'reverse engineered' by the reviewers, but we prefer to avoid overloading them with additional work or, far worse, risk them reaching false conclusions.

Creating a project's budget – two main approaches

In order to bridge this gap, we recommend to add a detailed budget presentation using extra tables. Such tables will not only successfully address the missing links but also provide additional information that will help the reviewers to easily assess the project's budget.

There are two prevailing approaches for planning a budget in Horizon 2020 grant applications:

A top-down approach *where the overall project budget is divided between the partners (many times evenly divided) a priori, where individual partners are instructed to create their own budget within the limits of the share that were allocated to each partner.*

A bottom-up approach *where the partners are requested to indicate their detailed budgetary needs. Once detailed, all budgets are consolidated to form the overall project budget.*

10

The top-down approach has the advantage of being rather simple to many coordinators, as it puts most of the budget planning efforts on the partners. On the other hand, its main disadvantage is that it "forces" a budget structure which may not be realistic enough. As well, it can fail to reflect the expected efforts required from each partner in the project. In some cases, reviewers might perceive this as 'artificial'. This is a conclusion we prefer to bypass entirely.

A preferred way is the bottom-up approach. This approach results with a more accurate and realistic Horizon 2020 budget description. While it may require more efforts from all partners involved, this pays off in 2 main ways for the reviewers.

- **1.It enables to spot the exact role of each partner.**
- **2.Reviewers gain a clear image of the division of work and efforts in implementing the project's work plan.**

*Therefore, while both approaches are entirely valid and legitimate, **we recommend following the second approach over the first.***

How to form a bottom-up Horizon 2020 budget scheme

Data Collection

The first step in bottom-up approach budget planning is collecting the data. The type of data that should be collected from all partners includes:

partner.

Personnel costs (being the main segment of most projects):

– Calculation of personnel costs. When calculating the personnel costs, the EC (and therefore us) is interested in the average monthly cost of employment of the personnel that is expected to participate in the project of each partner. This should be presented in EURO per person-month. The average monthly cost of employment should include the salaries alongside any additional employer's payments (such as social benefits, pension, etc.). There is no need to get into the fine details of all salaries and additional payments. The main focus here is the average cost. Normally, it is up to the financial department of the partner's institution to provide these required figures.
– Allocation of person-months per work package. This data will stem from the work assigned to each partner based on the discussions on the expected role and tasks in the process of developing the work plan. In this process, each partner should estimate how many person-months it should allocate per task. These allocations are then add up to the total amount of person-months per partner

Travel costs:

– Travel costs can be associated with specific tasks or work packages, although it is not a must. It is perfectly fine to present a general travel budget (per partner) for the entire project.

– That being said, we recommend having some kind of breakdown. Since it is hard to predict the exact costs of future travel expenses, we recommend using an average cost of travel and multiplying it with the expected number of trips planned during the project. The average travel cost should include transport, accommodation and subsistence per person, for a period of 2-3 days.

– Travel is of course expected when implementing a Horizon 2020 project. Still, we recommend not to overdo it. It is essential to keep the travel budget realistic and appropriate to the amount of involved personnel (per partner) and associated tasks.

Equipment costs:

– Any equipment required for the direct execution of the project is eligible for funding.

– Horizon 2020 equipment budget requests should be claimed based on their depreciation value according to the local tax laws of each partner. The financial department in each institution should be able to assist in this regard.

Other goods and services costs:
– Any goods and/or services required for the direct execution of the project can be added to the requested budget.
– In case a partner's total budget surpasses €325,000, a Certificate on Financial Statements (CFS) is required to be submitted once the project ends. The cost of producing the CFS is eligible and should be included in the partner's budget estimation under this category.

Sub-contracting and 3rd parties:
– Any cost that might be directed towards sub-contractors and involved 3rd parties should be included in the requested budget. Any external services that are performed outside of the consortium should be used only if essential and justified.
– Keep in mind that subcontracting costs are not eligible for the 25% flat-rate addition of indirect costs.

Consolidating the Horizon 2020 budget

Once the data from all partners is in place, the next step is to **consolidate it into one unified project budget**. *First, it is necessary to add up all costs (per category) declared from all partners. This will reveal what the total project budget has amounted to. If the total budget is within the expected range of the requested EC contribution for this project (as mentioned in the call text), the following step can be to draft the budget description in section 3.4 of the template.*

If the total budget significantly exceeds the expected requested contribution, it is necessary to revisit the input from the partners and consult with them regarding the reduction of the budget. The budget cut could be surgical (per partner) or horizontal (be that it is mutually agreed on).

The unwritten rules of budget consolidation

When consolidating the Horizon 2020 budget, we recommend to attend to the following unwritten rules and suggestions, based on our experience and feedback from reviewers:

•Avoid allocating more than 30% of the overall budget to a single partner (Coordinator included)

•Avoid allocating more than 40% of the overall budget to a single country (all partners from the same country put together)

•The budget allocated for coordination and project management activities (mostly by the coordinator) should range between 5% to 5.5% of the overall budget. In the past, the bar was set at 7%, however today we know that the expectation of coordination costs is lower.

•Avoid allocating coordination and project management activities to other partners, except for dedicated management partners.

Ensuring that the Horizon 2020 proposal budget is accurately and efficiently prepared and presented could have a positive impact on the overall assessment of the proposal during the evaluation process, and later on during the project execution. This guide could be used as a helpful tool during the entire process of budget planning.

Thank you for the attention!

Yanichka Trueva
y.trueva@cleantech.bg