

Q&A catalogue

"Proposal Writing: How to draft a coherent budget - Expert Insights"

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#	QUESTION	ANSWER(s)
1	Could also PM for the review and final report be reported after end of project?	In Horizon 2020 (article 20 of the MGA) the consortium must submit a periodic report within 60 days following the end of each reporting period, last reporting period included. Costs for the preparation of these reports are eligible. Those costs include the cost of certificates on the financial statements (CFS) or final review, cost of personnel necessary to prepare the periodic report. They do NOT include research or innovation activities.
2	Is Kick off meeting costs eligible if it is before start of the project?	No. As an exception, travel costs for the kick-off meeting can be eligible. For example, if the first part of the journey takes place before the action starting date (e.g. the day before the kick-off meeting), the costs may be eligible, but only if the meeting is held during the action duration.
3	If the PO asks for a final report meeting to be held during these 60days, this meeting and travel costs for this meeting are eligible too!	Costs related to reporting at end of the action can indeed include the cost of participating in a final review carried out by the Commission/Agency. The travel costs are eligible on a case per case basis, and will have to be justified and previously agreed by the PO.
4	Are in-house contract with specific activities included within staff? Do they need making related time sheet?	Personnel costs are eligible if they are related to personnel working for the beneficiary under an employment contract or equivalent appointing act, and assigned to the action. Every staff declaring time on the action should complete monthly timesheets (Article 18.1.2). The only exception is if a person works exclusively for the action during a full financial year. In that case, the staff member could sign a "declaration on exclusive work for the action" for each reporting period, rather than keep monthly time records. As regard the declaration of in-house consultants working under direct contract, they could be declared under the staff cost category if they follow the GA conditions (Article 6.2.A.2 of the MGA).
5	Are legal costs related to SME start up eligible?	It depends on the project and the type of action, but it should normally be covered under the indirect costs.
6	And legal costs for certification of medical device etc?	It depends on the project and the type of action, but it should normally be covered under the indirect costs.
7	How should external expertise be declared under Other Goods & Services if it involves mainly personnel cost?	As per Article 6.2.A.2 of the MGA, the costs for natural persons working under a direct contract with the beneficiary other than an employment contract are eligible personnel costs if: (a) the person works under conditions similar to those of an employee; (b) the result of the work carried out belongs to the beneficiary and (c) the costs are not significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary. If not, the costs should be declared under "Subcontracting". Staff provided by a temporary work agency, if usual practice, can be eligible under category D.3 'other goods and services'.
8	Please, could you explain how to calculate the other direct cost?	Other direct costs should be budgeted according to the needs of the project per partners. And declared upon real costs (invoices...).

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9	Hello, I have a question on the 3rd parties: Does this include subcontractors?	For an overview of the different types of third parties and their GA roles, rights and obligations, see the table in Article 8 of the MGA. Subcontractors are a specific case, where a task of the project is implemented not by the beneficiary, but by an external entity.
10	Can the unit cost be the estimated budget for an in-house contract? without making real cost calculation and timesheet?	The hourly rate of an expert can be defined in the contract. The follow-up of time spent on the project remains an obligation.
11	Can you have a full time contract in different countries, for example 1 person in IT working 25% time same in FR and same I BE same in ES... it correspond to a full time for the organisation 100% ? or can we have et rate time by countries for example 25% for the project and 75% for the local organisation ?	This question depends on the national legislation of the concerned countries. I could be easier to have one contract on 100%, covered by the coordinator in the name of the consortium. And then a repartition of work-time detailed in the contract.
12	Room renting, catering costs are incurred on other costs?	Costs related to the organisation / renting of the rooms and catering for a meeting (if the organisation of the meeting is not an action task mentioned as such in Annex 1) are eligible under "other costs" (direct contract - (Article 10 of the MGA).
13	I don't really understand the link between the 25% flat rate for indirect costs - subcontractors and the double funding rule... what if the person is working on site? then the indirect costs are indeed for the beneficiary, no?	The 25% indirect cost flat-rate is not budgeted on subcontracting costs and in-kind-contributions of third parties not on the beneficiary's premises. Per nature, subcontracts are not implemented in the beneficiary's premises. The subcontractor's invoice will already include its own indirect costs.
14	Can you already define (and name) a subcontractor, which is identified as the most appropriate, in the proposal	You need to identify in the provisional budget and application the need for subcontracting (and amount). However, it is not requested to specify the name of the subcontractor that will be selected (unless exceptions as framework contracts or monopole situation, that you could justify). It does not bring any added value to the application, and you will need to follow transparent procurement procedures during the lifetime of the project.
15	You said that we do not budget the price of the equipment but only depreciation. If we need to buy a machine for 100k €, we need to budget that, right?	The beneficiaries may declares 'other direct costs" (1) either depreciation costs of equipment, infrastructure or other assets (2) or full purchase costs of equipment, infrastructure or other assets (if option applies). The full purchase costs of renting or leasing equipment used for the action (i.e. finance leasing, renting and operational leasing) is eligible only if the costs fulfil the general conditions for actual costs, does not exceed the depreciation costs of similar equipment, infrastructure or assets and does not include any financing fees (Article 6.2 of MGA).
16	Could you comment on how costs for prototypes are declared? No depreciation rate is my current understanding? Thanks!	Full direct costs for construction of a prototype or pilot plant may be eligible, if all of the following apply: * building the prototype or pilot plant is (one of) the main action task(s) of the project * the costs are foreseen in the estimated budget (Annex 2 of the GA) * the eligibility conditions of Articles 6.1 and 6.2 are met.

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17	How can you justify the percentage of use of a shared instrument? Is a declaration sufficient or time sheets should be used?	The cost should be supported by reliable documentation (e.g. logbooks, laboratory registers, diaries, internal invoices if shared equipment.) The description on invoices have to be clear, with reference to the project.
18	Is the 1 pm per partner suggestion for coordination and mgt activities per year or for the entire project? Because if for the entire project, this can be low for a 5 year project for example.	The recommendation is 1 PM per year (for WPLeaders). This must be adjusted to the consortium size and type of project.
19	I didn't get how to add the inflation cost. Is it an inner calculation? Or is it foreseen in one of the schedules that you showed?	It is necessary, when you plan the budget, to include any potential variation (as inflation, salary raise,...) directly in the concerned cost. They will be internal assumptions.
20	In the biotech sector start-ups mainly use Contract Research Organisations (CRO) to perform a dedicated work. Instead of budgeting as a sub-contractor can we put it under the category of in kind contribution against payment?	The Commission will usually accept subcontracting in the case of CRO (Article 13 of the MGA). It is not possible to declare them under "other direct cost" (Article 10 of MGA). As regard third parties : unlike subcontractors, Third parties may normally not undertake project tasks. Also, the beneficiaries may declare their costs for paying the in-kind contribution but only up to the costs incurred by the third party (Articles 6.4 and 12 of MGA): no profit.
21	The budget for the Coordinator needs to be planned for the Coordinating Organisation or for each partner a part?	The budget related to management activities should be planned both in the Coordinator's budget and in the partner's budgets. The difference will be the total amount, as the tasks and responsibilities will not be the same. The coordination tasks should be budgeted in the Coordinator's budget only.
22	It is not clear the difference between PM and FTE and how PM is assigned. Could you specify , please?	FTE is an equivalent value that represents full-time work. Person months is the metric for expressing the effort (amount of time). Your required Person Months (PM) need to be aligned with the current FTE in the company.
23	Isn't a bit too much detail to provide costs for each task?	You need to detail when you build your internal provisional budget to be as close as possible to the reality, and be able to fill in the details table if needed.
24	Will the depreciation period for large equipment always be 60 months?	The depreciation period depends on the depreciation system of each beneficiary.
25	In case of budgeting a Pre Commercial Procurement project, is there an estimated amount that should be allocated to the procurement and another to the Consortium?	There is a specific MGA of Pre-Commercial Procurement (PCP) and Procurement of Innovative Solutions (PPI). In the provisional budget, you will have to distinguish, per partner, (A) direct costs of PCP or PPI subcontracting, and (B) costs related to additional coordination and networking activities (gathering HR, subcontracting, other costs, indirect costs...).
26	How does it work for budgeting for partners outside EU? Are private companies eligible?	In principle, any legal entity is eligible to Horizon 2020, as long as respecting the eligibility criteria. The costs of the international partners are estimated in Annex 2 but will not be reimbursed and will not be taken into account for the calculation of the grant. Unless specified otherwise in the call.

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27	Are there specific rules for international (non European travels for international conferences for instance?	A relevant justification for the travel, linked to the project, should be made.
28	How about external controls of the budget? Is it only ex-post? Until when can controls happen?	As per Article 22 of MGA, The Commission can — during the implementation of the action or afterwards — check the proper implementation of the action and compliance with the obligations under the Agreement, including assessing deliverables and reports. Reviews and audits may be started up to 2 years after the payment of the balance.
29	Do you have any experience with the lump sum pilot that is currently active for some collaborative project (some calls in pillar 3)?	Yes.
30	Is there any meaning in the term PERSON MONTH? I have tried to understand it for several times, but I haven't found any lgig...	A PM is one person working full time on the project for a month. PM is calculated by determining the number of hours worked on the project, divided by the number of hours normally worked per month.
31	In terms of hourly rate, there is a huge difference between Eastern Europe and Western Europe. It is difficult to balance. Would a good explanation be enough ?	Hourly rates are different from a legal entity to another, and from a country to another. Large differences exist between Western & Central Europe, Northern EU, and Eastern EU. No specific justification is needed, as expenses are declared upon real costs, and supporting documents (payslips). The balance should be between the involvement of partners, not hourly rates.
32	Could you please explain the calculation of the PM estimate for the budget preparation?	PM is calculated by determining the number of hours worked on the project, divided by the number of hours normally worked per month. A PM is one person working full time on the project for a month.
33	Could you explain further how activities (e.g. conferences) organized by project partners not be counted as "for profit"?	If a conference is organised free of charge, there is no profit.
34	Hi from Norway. I wonder if Consultant hours are eligible. I have a running H2020 (RIA) project that just started, and have the need to spend some hours with an expert on the matter with valuable information for the project. Is this eligible? Can it be budgeted in proposals and, if so, in which category?	External expertise, as consultant costs, are eligible if they respect usual eligibility rules. The type of contract will determine under what category is should be declared (subcontracting, if the consultant implements part of a task, or in-house consultant).
35	Are the 3 offers for revision mandatory?	It is a recommendation based on usual practices. The procurement rules are to be defined within each beneficiary (thresholds, ...).
36	Are obligatory membership fees of associations (such as AENEAS in ECSEL projects which have been defined in CA) eligible?	I do not see why not, unless considered as indirect costs. This issue should be validated with the Project Officer.
37	In case of a public organization where public servants cannot declare extra costs except for their salary paid by the state but are working for the project, is this considered in-kind contribution? Are time sheets needed in this case?	They can use time sheets if they do not work exclusively on the project, otherwise they can fill full-time declarations in.

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38	Under which task should the 1 PM per partner for coordination activities be allocated? A monitoring and reporting task within the Coordination WP? Would it be then okay for other partners to be involved in WP Coordination?	The 1 PM can be declared under the WP "coordination and management" (Article 5 of the MGA). A monitoring and reporting task should be planned in the WP "coordination and management". All partners should be participating to this tasks. The coordinator should be the WPLLeader.
39	Regarding the personal costs, I guess 'gross salary' are eligible but do we include annual bonus or any complementary salary ?	Because of the non-profit rule, bonuses are not eligible if they are based on performance (commercial targets), arbitrary, based on the EU project etc. Nevertheless, Additional remuneration is eligible if they are part of the basic remuneration and for non-profit-entities (Article 6.2.A of the MGA).
40	<p>Are questions related project related costs eligibility allowed?- I am facing a situation in a project where, public administration bodies are involved. They have had full time employees. Once the project started, these employees had to work extra hours to fulfil the project work requirements. They were told by their organisation that they would receive an additional payment for these extra hours. They have a work contract for 1600 Hours and they work 120 Hours in addition for PEN-CP annually. This comes to 1720 hours of prescribed limit by EC for annual productive hours.</p> <p>Now the questions, if this can be considered basic reimbursement or additional reimbursement (Annotated GA-page 57-case 1B)?</p> <p>Do you have any such an experience in past?</p>	<p>1.The additional payment for these extra hours would be considered as additional remuneration based on a EU project, and therefore should not be eligible.</p> <p>2. if you are declaring upon real costs, the hourly rate should take into account the real productive hours. The timesheets should also take into account this involvement. .</p>
41	Can the costs of preparation/drafting of application form and submission be eligible ?	No, these occurred before the submission so they are not eligible (Article 6.2 of the MGA).
42	<p>1a If the work packages for each partner are identical and there is a restricted word limit for the proposal, is it possible to have a standard work package for each partner, and then include the costs for different partners in the narrative and in the total submitted costs.</p> <p>1b. If the management of each work package includes a PM is it possible to include this in the Work Package as a mentor PM which will be more than 10%-15% of the total cost for the partner, and then have a different cost for the Researcher(s)/ Doctoral students who are being developed as a potential future leading research in the future?</p>	I would not recommend to have similar (or standard) WP description in an application. If several partners are working on a similar activity (or WP), then there should be one WP, and several participating partners.

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43	Why did you say that the real costs are calculated by multiplying the hourly rate with the person months? Shouldn't it be the monthly rate multiplied with the person months?	Personnel costs must be calculated by the beneficiaries as follows: hourly rate multiplied by number of actual hours worked on the action (from the Timesheets). When you draft the budget, you can multiply the estimated PM per the monthly wage of the dedicated staff.
44	Will a travel outside EU will be eligible, for example to attend a conference?	Yes, it is eligible if the link to the project is clear and supported (and respecting eligibility criteria)
45	Are travel cost for scientific advisory board members to attend project meetings eligible to be paid by the coordinator under travel cost?	Yes, it can be eligible as travel costs if budgeted and detailed in the DoA, under the Coordinator's budget.
46	Should person months (PM) be balanced between partners with similar tasks even if planning to employ different profiles for the completion of the tasks?	The PM is not linked to a profile, but is an estimation of time to be spent on a WP, or a task.
47	Do we have to produce timesheets for equipment?	You must be able to justify the requested costs. Time sheets or LabBooks can be used.
48	Can we move “direct” resources among categories during the project implementation (e.g. from personnel to other)?	As per Article 4.2 of MGA, the estimated budget breakdown may be adjusted — without an amendment by transfers of amounts between beneficiaries, budget categories and/or forms of costs, if the action is implemented as described in Annex 1. However, the beneficiaries may not add costs relating to subcontracts not provided for in Annex 1, unless such additional subcontracts are approved by an amendment or in accordance with Article 13.
49	Is the salary of CEO of SME eligible if it is calculated as real direct personal cost?	Yes.
50	Are contributions to external participants allowed? (Example: patient or consumer voluntary participation on some data collection activities)	To be estimated on a case per case basis.
51	Could you detail why 1 PM per partners for coordination and management of activities?	Partner will be participating to the reporting activities, as well as managing their part of the Grant or participating to Consortium meetings.
52	If you get more than 350kEuro you need to have a certificate on the financial statements (CFS). What kind of companies can provide this certificate?	The CFS must be issued by a qualified auditor (chartered accountant, an auditor or a public accounting officer). The beneficiaries must submit the final report within 60 days following the end of the last reporting period which should include, amongst other documents, a CFS for each beneficiary and for each linked third party that requests a total contribution of EUR 325 000 or more, as reimbursement of actual costs and unit costs calculated on the basis of its usual cost accounting practices (see Article 20.4 of the Agreement).

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53	Is it possible to depreciate equipment in the timeframe of a project. What would be the requirements	When filling in depreciation costs of equipment in the estimated budget, the applicant should indicate the kind of equipment to be purchased and the price of purchase, date of purchase if purchased previously, the rule for depreciation and the rate of actual use for the purposes of the action. This rate must be controllable and coherent with the time worked by the staff assigned to the action.
54	Did i understand that correctly that when transferring between cost allocations or partners during the project there are no limits , other than not going above the approved total for the project?	No formal limit is set in the GA. However, all budget modification have to be communicated to the PO, who can request an amendment if the amount is too high (usually, more than 15% of the beneficiary's budget).
55	How do you calculate the person month, when you want to use e.g. two different staff categories, e.g. professor and student? If you take the average then it might end up with much lower hourly rate?	In that case, you need to calculate both costs separately.
56	If I need to put the cost of an instrument in my budget, but the same external company is the only one who can mount/install/provide introductory training, how should I categorize these costs?	The cost of the equipment should be depreciated, and the rest of the cost should be declared as other direct cost. Unless this was a task of the beneficiary within the project (and therefore is subcontracting).
57	You refer several times to " Involve Financial Services". Are you referring to finance colleagues within our respective organisations, or finance colleagues in the Commission?	What was meant was to keep contact with your financial department within your organisation.
58	If I am professor at University and researcher at Research Centre it means that my PM costs is a sum of two parts (University + Research Centre)? Research center has H2020 project	The declaration of your costs will depend if the Research Centre or the University is identified as Linked Third Party.
59	If the call is for a certain amount say 10 Million, how do they perceive a 8M proposal or a 10M proposal, or does it not play a role for the evaluators?	Provisional budget must be adapted to the project's needs. The evaluation of the budget will be upon this criteria.
60	In which cases a subcontractor can be selected without a call ?	The relevant procurement rules should be applied (public/ private) and in accordance with your internal practices.
61	How should the contract with subcontractors look like? Is it enough to have just the NDA and the Quote/Invoice of each order at subcontractors?	The necessary supporting documents will be : <ul style="list-style-type: none"> * NDA (if necessary) * Quote (along with 2 other quotes or relevant requirements). The quotes usually have terms and conditions. * Invoice * Proof of service * Proof of payment

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62	An addition of a 3rd Party carrying on the work of a project requires a GA amendment?	Yes (Article 41.1 of the MGA).
63	Are publication cost incurred after the project eligible?	The costs should be incurred during the project lifetime. The publication can be done later, upon justification.
64	Can a subcontractor be from outside EU?	Yes. Justification will be necessary.
65	How is going the financial audit? Do people from EU commission come and examine everything or this is done through CFS?	For lump sum projects, since projects do not use actual costs, there will be no financial checks, reviews or audits focusing on costs. Checks, reviews and audits will focus on the technical implementation of the action or other aspects of the grant agreement. The European Commission may order an audit of your H2020 grant during the project or at any time up to 2 years after the final payment. The Audit can be conducted by the Commission's own staff or outsourced to external persons or bodies appointed by the Commission. For more information you can check the Article 22 of the H2020 Annotated Model Grant Agreement.
66	Is the cost of a research in a hospital (as the cost of the hospital), necessary to the project is eligible as an in kind contribution from 3rd parties?	In principle, yes. Although why would the hospital not be a partner? Third parties can only invoice without profit.
67	Can the costs of project management, employment of a co-ordinator - a management specialist - be qualified only in indirect cost?	It will have to be justified and explained that the necessary resources for the Coordination and Management WP will be covered internally.
68	Hi, Could you give some explanation on Lump sums, and in which situation that is applicable? Thanks!	A lump sum is a single payment of the grant, as opposed to a series of payments made over time. It happens sometimes in some specific type of actions and calls.
69	Can the estimated deliverables deadline change during the project?	Yes. Notification should be made to the PO and possible amendment will be requested.
70	Are the accounting provision for not yet received invoices is eligible into the financial reports ? Thx	The invoicing should normally take place before the project end date to be eligible. In some cases, according to internal practices validated by the EC, the cost is considered eligible at reception of deliverable/ service.
71	Are there some rules for the distribution of budget in RIA project among R&D, Use Case Demonstration, Project Management, and exploitation & dissemination etc?	Eligibility rules apply to all the project costs.