MODEL GRANT AGREEMENT (MGA): legal and financial issues
The Model Grant Agreement
STRUCTURE OF THE GRANT

**e-GRANT**
- **Fully electronic** - This is from the signature of the grant until its end
- All actions and communications will flow via the Funding & Tenders Portal (‘the Portal’)

**CORPORATE STRUCTURE**
- Based on a **Commission-wide model** (so-called ‘Corporate Model Grant Agreement’)

**Objectives**
- Ensure uniform and consistent interpretation of common rules
- Create synergies between programmes
- Preserve and address EU programme specificities

**Harmonisation & standardisation**

**Consistent interpretation**

**Integration of Programme specificities**

**SPECIFIC ANNEX 5**
Some important Horizon Europe specific rights and obligations are part of this annex 5, like:
- **Security**
- **Ethics**
- **Values** (i.e. gender mainstreaming)
- **IPR**
- **Communication & Dissemination**
- **Open Science**
- **Visibility etc**
The grant is grant based on actual costs incurred, but may also include optional articles on other forms of funding, such as unit costs or flat-rate costs.
STRUCTURE – CORE PART OF THE GRANT

1. General Data
2. Participants
3. Grant
4. Reporting, payment and recoveries
5. Consequences of non-compliance, applicable law and dispute settlement forum
6. Specific rules Annex 5 & Standard time-limits after project end

**Datasheet**
a summary of the specific data of the grant agreement

**Articles**
grouped in six chapters

**Chapter 1** – General (Articles 1-2)
**Chapter 2** – Action (Articles 3-4)
**Chapter 3** – Grant (Articles 5-6)
**Chapter 4** – Grant Implementation (Articles 7-26)
**Chapter 5** – Consequences of non-compliance (Articles 27-35)
**Chapter 6** – Final provisions (Articles 36-44)
Annexes

- Annex 1 Description of the action
- Annex 2 Estimated budget
- Annex 3 Accession forms for beneficiaries
- Annex 4 Model for the financial statement
- Annex 5 - Specific rules (for Horizon Europe)

**Security** (Article 13)
**Ethics** (i.e. research integrity) (Article 14)
**Values** (i.e. gender mainstreaming) (Article 14)
**IPR** (Article 16)
**Communication, Dissemination, Open Science and Visibility** (Article 17)
**Specific rules for carrying out the action** (Article 18)
  - recruitment and working conditions,
  - specific rules for access to research infrastructure actions,
  - specific rules for co-funded partnerships
HORIZON EUROPE

Participants in the action
HOW CAN I PARTICIPATE IN THE GRANT AGREEMENT?

**Beneficiary**
- Signs the project
- Has all rights and obligations

**Affiliated entity**
- With a legal or capital link with the beneficiary
- Does work and may declare costs

**Associated partner**
- Does work but can NOT declare costs

**Third party providing contributions**
- Does NOT do work just give in-kind contributions
- The beneficiary may declare the costs of the contributions

**Subcontractor**
- Does work and invoices the beneficiary
- The beneficiary may declare the invoice
COORDINATORS

- Directly sign the Grant Agreement
- Central contact point for the granting authority
- Represents the consortium (towards the granting authority)

Obligations
- monitor that the action is implemented properly
- act as intermediary for all communications:
  - submit the prefinancing guarantees
  - request and review any documents before passing them to the granting authority
  - submit the deliverables and reports to the granting authority
  - inform the granting authority about the payments made to the other beneficiaries
- distribute the payments received from the GA to the other beneficiaries without unjustified delay

MAY NOT delegate or subcontract key tasks EXCEPT COO who are public bodies entities with authorisation to administer
BENEFICIARIES

- **Signatories** → Accession form
- **Fully responsible** towards the granting authority for implementing the action and complying with all its obligation
- Jointly responsible for the technical implementation
- Must have the **appropriate resources**
- Must remain **eligible** under HE for the entire duration

**Obligations:**
- submit to the coordinator in good time: financial statements, technical reports, deliverables
- inform the granting authority (and beneficiaries) of any events likely to affect or delay the action
- submit via the Portal data and information related to the participation of their affiliated entities
THIRD PARTIES CARRYING OUT WORK IN THE ACTION

- Affiliated entities
- Associated Partners
- Subcontractors
Third parties. 1. Affiliated entities

Affiliated entities in Horizon Europe = Linked third parties in Horizon 2020
(alignment of definition in corporate context)

Art 187 (1) (b) of the EU Financial Regulation:
Entities “that have a link with the beneficiary, in particular a legal or capital link, which is neither limited to the action, nor established for the sole purpose of its implementation.

Article 8 HE MGA

In the GAP, they MUST BE:

1. Identified in Sygma (PIC number)

2. Tasks must be mentioned in Annex 1 (and detailed costs in section 3.1, of Part B, same as a beneficiary)

3. Their (separate) budget must be in Sygma + Annex 2

De facto treated as beneficiaries (same costs eligibility criteria apply as well as eligibility in terms of participation) but do not sign the Grant Agreement!
Third parties. 2. Associated partners

Associated partner in Horizon Europe = International partner in Horizon 2020
(alignment of definition in corporate context)

1. The **tasks must be set out in Annex 1** (performs action tasks directly); and total costs must be included under "Other sources of financing" heading of the budget - this is for information purposes only.

2. They **may not charge costs** or contributions to the action (costs not eligible) = participate at own costs

3. Can be linked either to the whole consortium or to a particular beneficiary

4. **Must be identified in Article 9.1** “Other participants involved in the action”, their tasks must be mentioned in Annex 1 BUT → do not sign the grant agreement

5. **The consortium is responsible:**
   a. for the action tasks performed by associated partners
   b. to **ensure that the relevant provisions of the MGA also apply to the associated partner** (e.g. via the consortium agreement) (i.e. Articles 11 (proper implementation), 12 (conflict of interests), 13 (confidentiality and security), 14 (ethics), 17.2 (visibility), 18 (specific rules for carrying out action), 19 (information) and 20 (record-keeping) **Including the relevant conditions in the call or Annex 5**
Third parties. 3. Subcontracting

Article 6.2.C. Subcontracting costs & Article 9.3

1. Must be awarded based on best value for money (or lowest price) and absence of conflict of interest.

2. Estimated costs and exact tasks to be subcontracted must be identified in section 3.1 of Part B, Annex 1 and in Annex 2.

3. Subcontracting between beneficiaries is not allowed. As a rule, neither is subcontracting to affiliates. Coordinator may not subcontract tasks in article 7.

4. The beneficiaries bear the responsibility of tasks carried out by subcontractors and the risk of rejection of costs.

5. The eligible cost is the price charged to the beneficiary - invoice from the subcontractor that may be charged by the beneficiaries, under the conditions set out in Article 6 HE MGA.

6. General rule: Subcontracting may cover only a limited part of the action.

7. Do work = implementation of a part of the project, i.e. action tasks. If a contract covers only individual equipment or consumables, this will be considered as a purchase.

8. Subcontracting between beneficiaries is not allowed. Subcontracting to affiliates is generally not allowed either.
Third parties giving in-kind contributions

✓ In-kind contributions against payment and in-kind contributions free of charge are both still eligible under Horizon Europe
✓ However, under HE, in-kind contributions refers only to in-kind contributions free of charge

IN-KIND CONTRIBUTIONS AGAINST PAYMENT

• No more specific Article
• Instead, they can still be declared as:
  • Personnel costs for seconded persons (Art. 6.2.A.3)
  • Costs of renting equipment (Art. 6.2.C.2)
  • Purchase costs for other goods, works or services (Art. 6.2.C.3)
• Indirect costs calculated on top via the 25% flat-rate

IN-KIND CONTRIBUTIONS FREE OF CHARGE

• Specific provisions (Article 6.1 and 9.2 HE MGA (stemming from Horizon Europe specific legal base)
• They must be declared by the beneficiary which use them under the relevant cost category (i.e. as if they were costs incurred by the beneficiary).
• Only direct costs must be reported
• No more reference to in-kind contributions not used in the beneficiary’s premises
• Indirect costs calculated on top via the 25% flat-rate (with exceptions, like for internal invoicing)
# OVERVIEW OF PARTICIPANTS ROLES - AGA

<table>
<thead>
<tr>
<th>TYPE</th>
<th>Works on ‘action tasks’?</th>
<th>What is eligible for the beneficiary/affiliated entity?</th>
<th>Must be indicated in Annex 1 GA?</th>
<th>Conditions for participation</th>
<th>GA article</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiaries</td>
<td>YES</td>
<td>Costs</td>
<td>YES</td>
<td>Must be eligible</td>
<td>art 7</td>
</tr>
<tr>
<td>Affiliated entities</td>
<td>YES</td>
<td>Costs</td>
<td>YES</td>
<td>Must have a capital or legal link with a beneficiary and fulfil the same eligibility conditions</td>
<td>art 8</td>
</tr>
<tr>
<td>Associated partners</td>
<td>YES</td>
<td>n/a</td>
<td>YES</td>
<td>No specific conditions (APs do not receive funding).</td>
<td>art 9.1</td>
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<tr>
<td>Third parties contributing to the project</td>
<td>Participate in the action as contributors</td>
<td>n/a (\text{except HE: Costs})</td>
<td>YES</td>
<td></td>
<td>art 9.2</td>
</tr>
<tr>
<td>Subcontractors</td>
<td>YES</td>
<td>Invoiced price</td>
<td>NO (only subcontracted tasks must be indicated)</td>
<td>Must be best value for money or lowest price and no conflict of interest</td>
<td>art 9.3</td>
</tr>
</tbody>
</table>
1. Signature of a **Consortium Agreement** (between consortium partners)

2. For the entire duration of the project: you must ensure that eligibility criteria is complied with **at all times**, including the Specific Conditions of your topic

3. **No negotiation** during the GAP

4. For all topics: Clean Hydrogen JU shall have the right to object to transfers of ownership of results, or to grants of an exclusive license regarding results, if: the beneficiaries have received funding; it is to an entity established outside the EU; the transfer is not in line with EU interests.
6. An additional information obligation has been introduced for standardisation activities: ‘Beneficiaries must, up to 4 years after the end of the action, inform the granting authority if the results could reasonably be expected to contribute to European or international standards’.

<table>
<thead>
<tr>
<th>Additional information obligation for topics including standardisation activities</th>
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<tr>
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<tr>
<td>HORIZON-JTI-CLEANH2-2023-05-03</td>
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</tbody>
</table>
• 7. For some topics, the optional article on *Full Capitalised Costs* applies (meaning cost incurred in the purchase or development of the equipment, which are recorded under a fixed asset account of the beneficiary in compliance with international accounting standards and the beneficiary’s usual cost accounting practices).

This applies for *specifically listed equipment* for the following topics:

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<table>
<thead>
<tr>
<th>Exceptional declaration of full capitalised costs</th>
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</thead>
<tbody>
<tr>
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<td>HORIZON-JTI-CLEANH2-2023-01-06</td>
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<tr>
<td>HORIZON-JTI-CLEANH2-2023-06-02</td>
</tr>
</tbody>
</table>
```
1. **Dissemination & Exploitation of results:** up to 4 years after the end of the action (The last version of the plan before the end of the project must include the dissemination and exploitation activities that the beneficiaries plan to implement in a period up to 4 years after the end the project)

2. **Access rights to results:** requests for access must be made —unless agreed otherwise in writing —up to one year after the end of the action

   Ensure allocation of resources! Cover for staff effort, costs, etc.
Financial Issues

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**Type of Costs**

**PERSONNEL COSTS**
- Cost of the time worked for the project by:
  - A.1 Employees
  - A.2 Natural person under direct contract
  - A.3 Seconded person
  - A.4 SME owners and natural person beneficiaries

**SUBCONTRACTING COSTS**
- You contract another entity to do part of the work allocated to you in the description of the action.

**PURCHASE COSTS**
- Travel and subsistence costs for trips necessary for the project.
- Equipment used for the project. In most cases, only depreciation costs are eligible (but exceptions exist).
- Other goods, works and services

**OTHER COST CATEGORIES e.g.**
- Financial support to third parties
- Internal invoices: Cost charged internally from one department to another of the same beneficiary; but only if you have a defined cost accounting method

**INDIRECT COSTS**
- 25% flat rate applied on most of the other budget categories. When reporting, the IT system will calculate this automatically!
A. Personnel Costs

1. Costs for employees
2. Costs for natural persons with direct contract
3. Costs for seconded person by third party against payment

- Actual costs

Personnel Costs = Daily rate × Day-equivalents worked on action

= (Timesheets converted into Days &/or Monthly Declaration on Days)

actual annual personnel costs for the person

= 215 days

4. Costs for SME owners and natural persons not receiving salary

Unit cost = (EUR 5 080 / 18 days) × Country correction coefficient of the country

215 = Maximum number of working days per year
Part-time work => pro rata
B. Subcontracting

• Part B, Table 3.1g: Subcontracting costs items

• Best value for money
• Absence of Conflict of Interests
• Describe tasks and rationale
• **NEW**: Subcontracting Work performed only in EU member states + Associated countries
• FYI, subcontracting does not generate 25% flat rate for indirect cost

**Example:**

<table>
<thead>
<tr>
<th>Cost (€)</th>
<th>Description of tasks and justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subcontracting 120 000</td>
<td>Enviromental impact assessment study and report required for permitting</td>
</tr>
<tr>
<td>16 000</td>
<td>Monitoring data analyses to support required reporting to permitting authorities</td>
</tr>
<tr>
<td>20 000</td>
<td>Supporting research (reports) for socio-econ-environ assessment</td>
</tr>
</tbody>
</table>

“All beneficiaries comply with the best value for money and absence of conflict-of-interest principles when selecting suppliers.”
C. Purchase costs

- Travel and subsistence (e.g. tickets, accommodation)

- Equipment (durable equipment, infrastructure, other assets)
  - Depreciation costs
  - Leasing / renting
  - Capitalised full costs (for hydrogen production plant, distribution and storage infrastructure, and hydrogen end-uses)

  ‘Capitalised costs’ means:
  - costs incurred in the purchase or for the development of the equipment, infrastructure or other assets and
  - costs which are recorded under a fixed asset account

- Other goods, works and services (consumables, promotion, dissemination, protection, translations, certificates, etc)
D. Internally invoiced goods and services

• **Definition:** costs for goods and services which:
  - are produced or provided within the beneficiary’s organisation directly for the action and
  - are determined on the basis of its usual cost accounting practices.

• **Examples:**
  - self-produced consumables (e.g. electronic wafers, chemicals)
  - use of specific devices or facilities needed for the action (e.g. clean room, wind tunnel, supercomputer facilities, electronic microscope, animal house, greenhouse, aquarium)
  - standardised testing or research and development processes (e.g. genomic test, mass spectrometry analysis)
  - hosting services for visiting project team members participating in the action (e.g. housing, canteen).

• **Unit costs**

• **NEW:** no 25% flat rate for indirect costs but actual indirect costs may be attributed to the unit costs
Find more info at:

1. Funding and Tenders Opportunities Portal, under section “Reference Documents”: see in particular the MGA, the AGA, the Grant Agreement Preparation templates and the Guidance:

https://ec.europa.eu/research/participants/docs/h2020-funding-guide/other/event230202.htm

❖ National Contact Points
https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/support/ncp

❖ Research Enquiry Service
https://research-and-innovation.ec.europa.eu/contact-us/research-enquiry-service_en
Thank you

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