

MODEL GRANT AGREEMENT (MGA): legal and financial issues



STRUCTURE OF THE GRANT



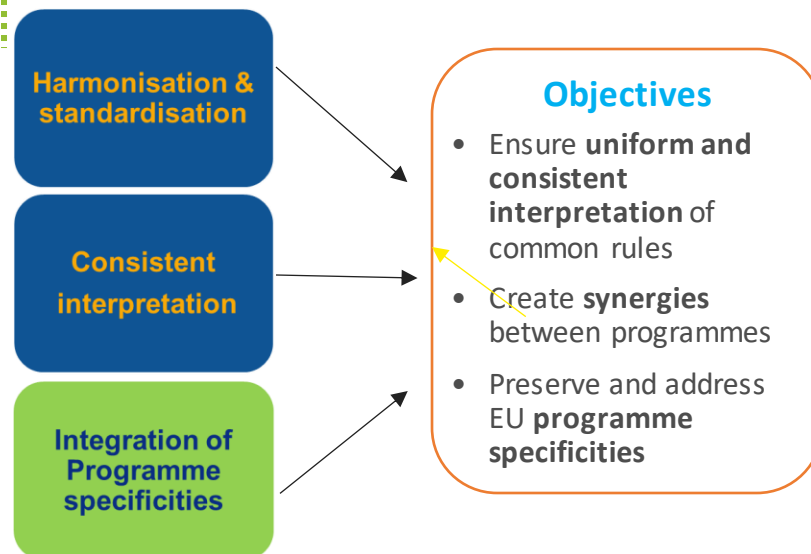
e-GRANT

- **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**')
 - **Harmonisation & standardisation**
 - **Consistent interpretation**
 - **Integration of Programme specificities**

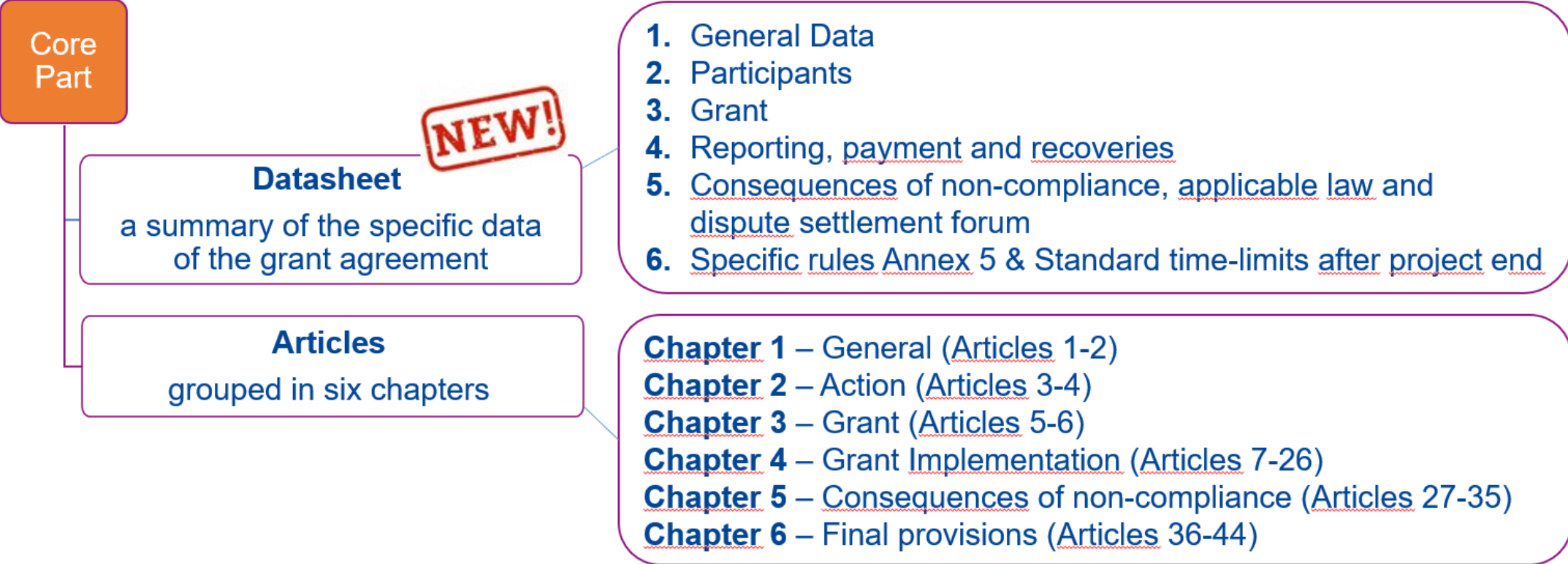


SPECIFIC ANNEX 5

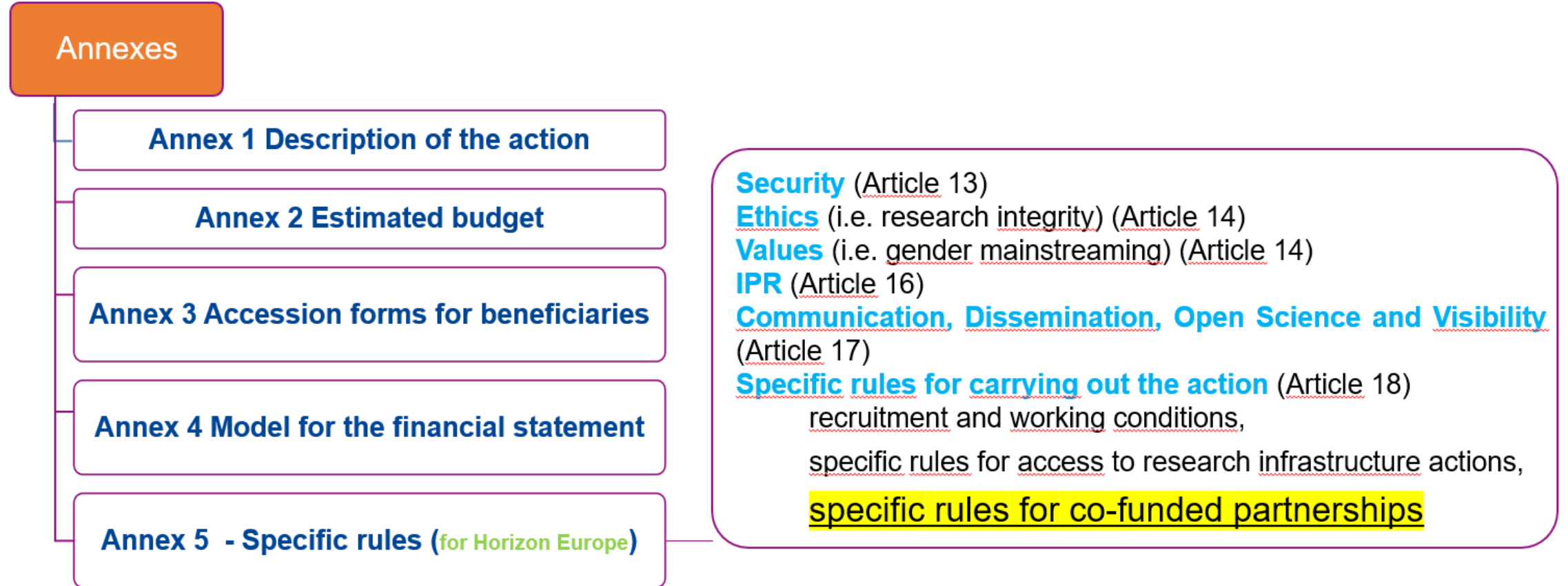
Some important Horizon Europe specific rights and obligations are part of this annex 5, like:

- **Security**
- **Ethics**
- **Values (i.e. gender mainstreaming)**
- **IPR**
- **Communication & Dissemination**
- **Open Science**
- **Visibility etc**

STRUCTURE – CORE PART OF THE GRANT



STRUCTURE – ANNEXES TO THE GRANT



HOW CAN I PARTICIPATE IN THE GRANT AGREEMENT?

Beneficiary

- Signs the project
- Has all rights and obligations

Associated partner

- Does work but can NOT declare costs

Subcontractor

- Does work and invoices the beneficiary
- The beneficiary may declare the invoice

Affiliated entity

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

Third party providing contributions

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

COORDINATORS

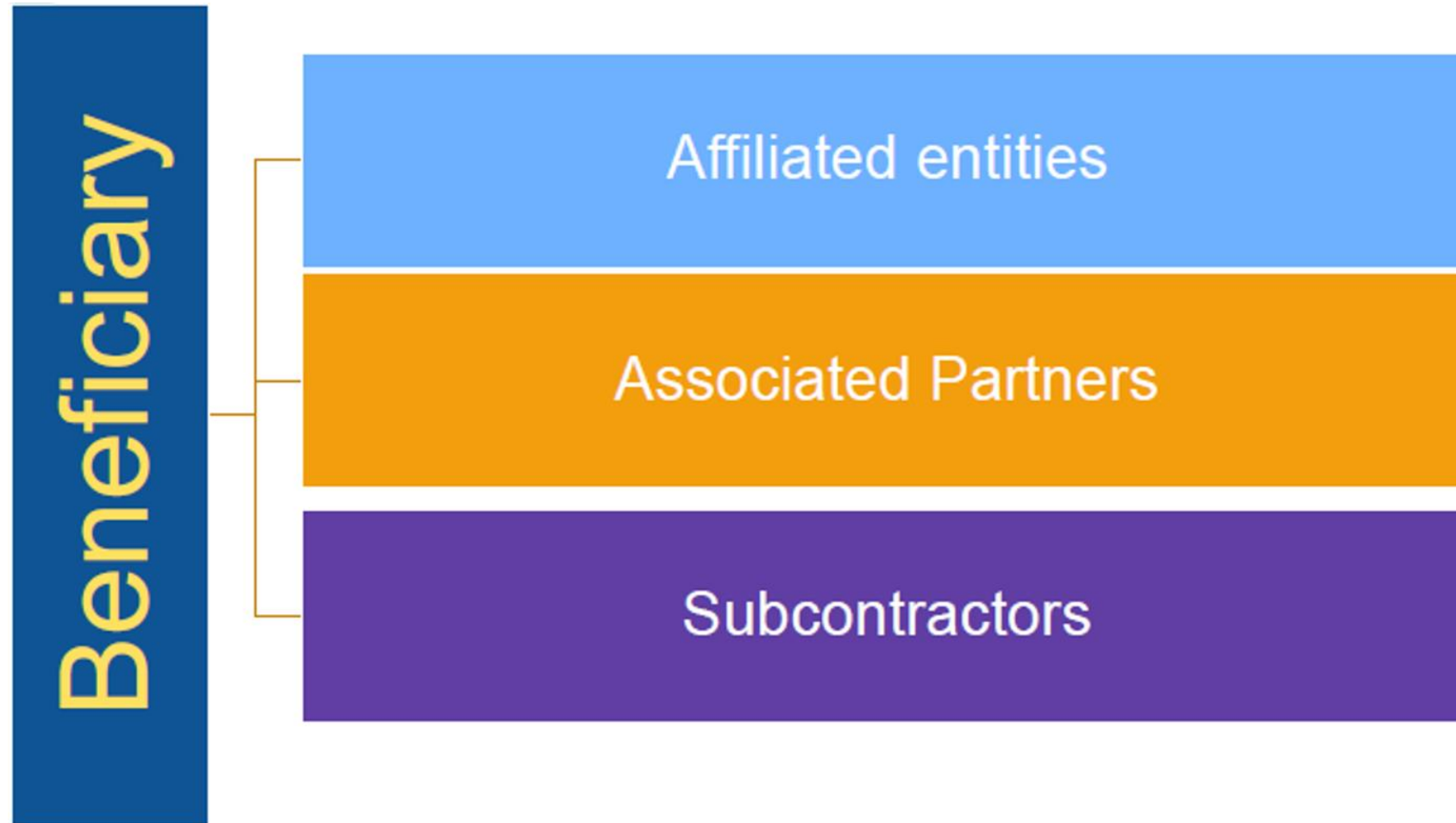
- Directly sign the Grant Agreement
- Central contact point for the granting authority
- Represents the consortium (towards the granting authority)
- Obligations
 - ❖ monitor that the action is implemented properly
 - ❖ act as **intermediary** for all communications:
 - submit the prefinancing guarantees
 - 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



Third parties. 1. Affiliated entities

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

- permanent legal structures
- contractual cooperation not limited to the action
- capital link:
 - i. direct or indirect control of the beneficiary
 - ii. under the same control as the beneficiary
 - iii. controlling the beneficiary

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.**

MUST BE:

1. **Identified in Sygma**, in article 8 of the GA
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 Annex 2**

De facto treated as beneficiaries (same costs eligibility criteria apply as well as eligibility in terms of participation) but *does not sign the Grant Agreement!*

Article 8 of the MGA

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

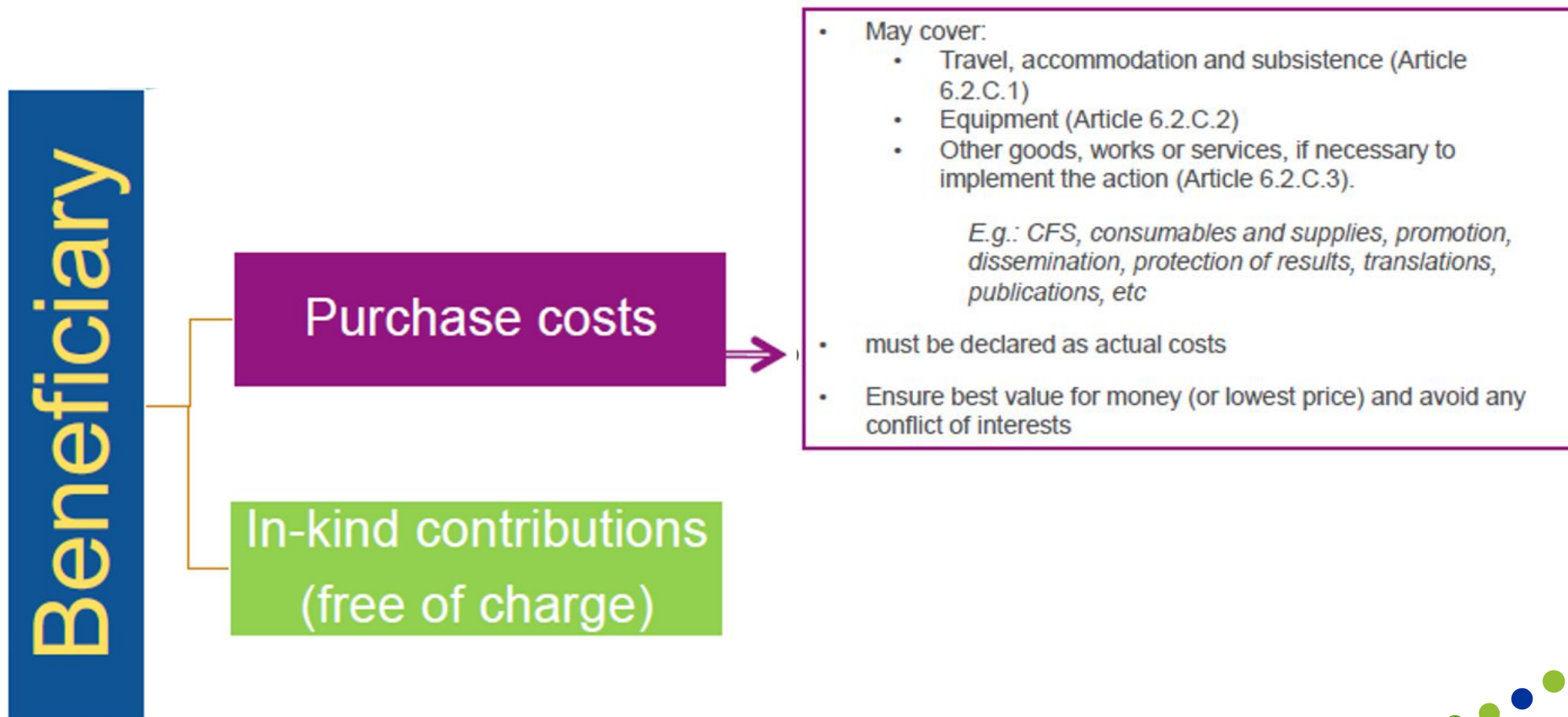
Third parties. 3. Subcontracting

Article 6.2.B. 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 amount charged as eligible cost must correspond to the amount invoiced by the subcontractor.
6. General rule: *Subcontracting may cover only a limited part of the action*
7. Regard 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

Other Third parties



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

TYPE	Works on 'action tasks'?	What is eligible for the beneficiary/ affiliated entity?	Must be indicated in Annex 1 GA?	Conditions for participation	GA article
Beneficiaries	YES	Costs	YES	Must be eligible	art 7
Affiliated entities	YES	Costs	YES	Must have a capital or legal link with a beneficiary and fulfil the same eligibility conditions	art 8
Associated partners	YES	n/a	YES	No specific conditions (APs do not receive funding).	art 9.1
Third parties contributing to the project	Participate in the action as contributors	n/a <i>(except HE: Costs)</i>	YES		art 9.2
Subcontractors	YES	Invoiced price	NO (only subcontracted tasks must be indicated)	Must be best value for money or lowest price and no conflict of interest	art 9.3
Third parties receiving financial support ²	Participate in the action as recipients.	Amount of support given	YES	According to the conditions in Annex 1 GA	art 9.4

OTHER OBLIGATIONS

1. Signature of a **Consortium Agreement**:
 - ❖ Needed before signature of the grant agreement
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.
5. For Members: the DoA must include the estimated contributions for IKOP. The contributions shall be reported during the implementation of the action in the Portal Continuous Reporting tool. - N/A, under development.

OTHER OBLIGATIONS

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’.*

Additional information obligation for topics including standardisation activities
HORIZON-JTI-CLEANH2-2022 -02-09
HORIZON-JTI-CLEANH2-2022 -03-04
HORIZON-JTI-CLEANH2-2022 -05-02
HORIZON-JTI-CLEANH2-2022 -05-03
HORIZON-JTI-CLEANH2-2022 -05-04

OTHER OBLIGATIONS

- 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).

See the exceptions that apply for [specifically listed equipment](#) for each topic:

<i>HORIZON-JTI-CLEANH2-2022 -01-07</i>
<i>HORIZON-JTI-CLEANH2-2022 -01-08</i>
<i>HORIZON-JTI-CLEANH2-2022 -01-10</i>
<i>HORIZON-JTI-CLEANH2-2022 -02-08</i>
<i>HORIZON-JTI-CLEANH2-2022 -03-03</i>
<i>HORIZON-JTI-CLEANH2-2022 -03-05</i>
<i>HORIZON-JTI-CLEANH2-2022 -04-01</i>
<i>HORIZON-JTI-CLEANH2-2022 -06-01</i>
<i>HORIZON-JTI-CLEANH2-2022 -06-02</i>

SURVIVING/POST-GRANT OBLIGATIONS

Some obligations enshrined in the grant agreement will 'survive' after the action has been implemented, please take care of aspects that will imply activities beyond the life of the grant such as:

1. Dissemination and Exploitation obligations (Art. 17)
2. IPR access rights (Art. 16)
3. Data reporting and research output management (Art. 17 and common call elements)

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

COMMON CALL ELEMENTS

Take note of other common elements applicable to the topics in the call that will require due consideration when planning your project's activities, refer to the relevant chapters in section 2.2.3.2 of the Clean Hydrogen JU AWP 2022

1. **EU competitiveness and industrial leadership**
2. **Opportunities for synergies**
3. **Contribution to the monitoring framework of the Clean Hydrogen JU**
4. **Guarantees of origin of hydrogen**
5. **Safety**
6. **Contribution to Regulation, Codes and Standards**
7. **Contribution to sustainability and circularity**
8. **Activities developing test protocols**
9. **International Collaboration**



**Horizon Europe (HORIZON)
Euratom Research and Training Programme
(EURATOM)**

[Description of the action (DoA)]
[for FPAs: Action plan]

Part A
Part B



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

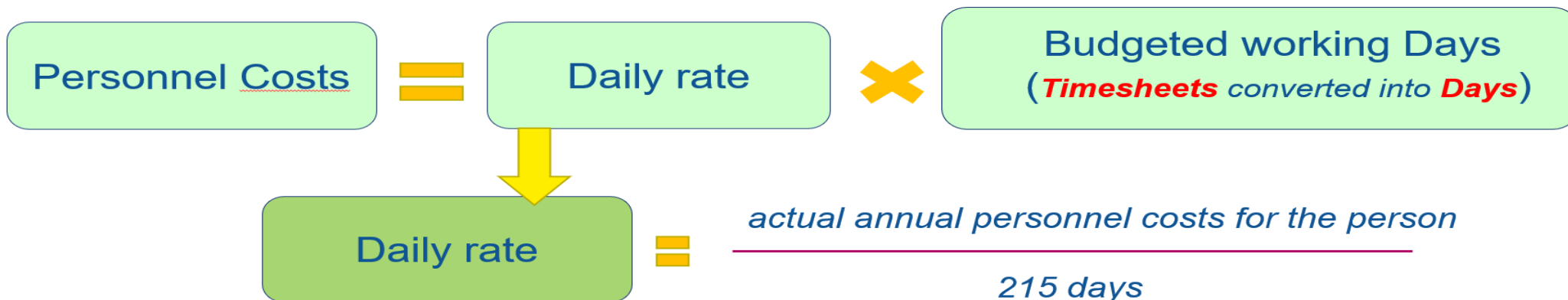
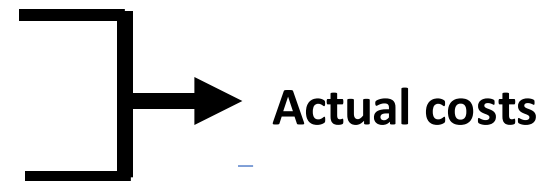


INDIRECT COSTS

- ❖ **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



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


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

B. Subcontracting

- Part B, Table 3.1g: Subcontracting costs items
- Contract for goods, works or services
-that are defined as “action tasks” vers  auxiliary tasks.
- Best closest market price estimate
- No 25% flat rate for indirect cost

Participant Number/Short Name		
	Cost (€)	Description of tasks and justification
Subcontracting		

C. Purchase costs

- **Travel and subsistence (e.g. tickets, accommodation)**
 - **Equipment (durable equipment, infrastructure, other assets)**
 - Depreciation costs*
 - or*
 - Leasing / renting*
 - or*
 - 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
 - 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

- **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**:

2. More on the legal aspects:
“**Legal and Financial Aspects**”
presentation

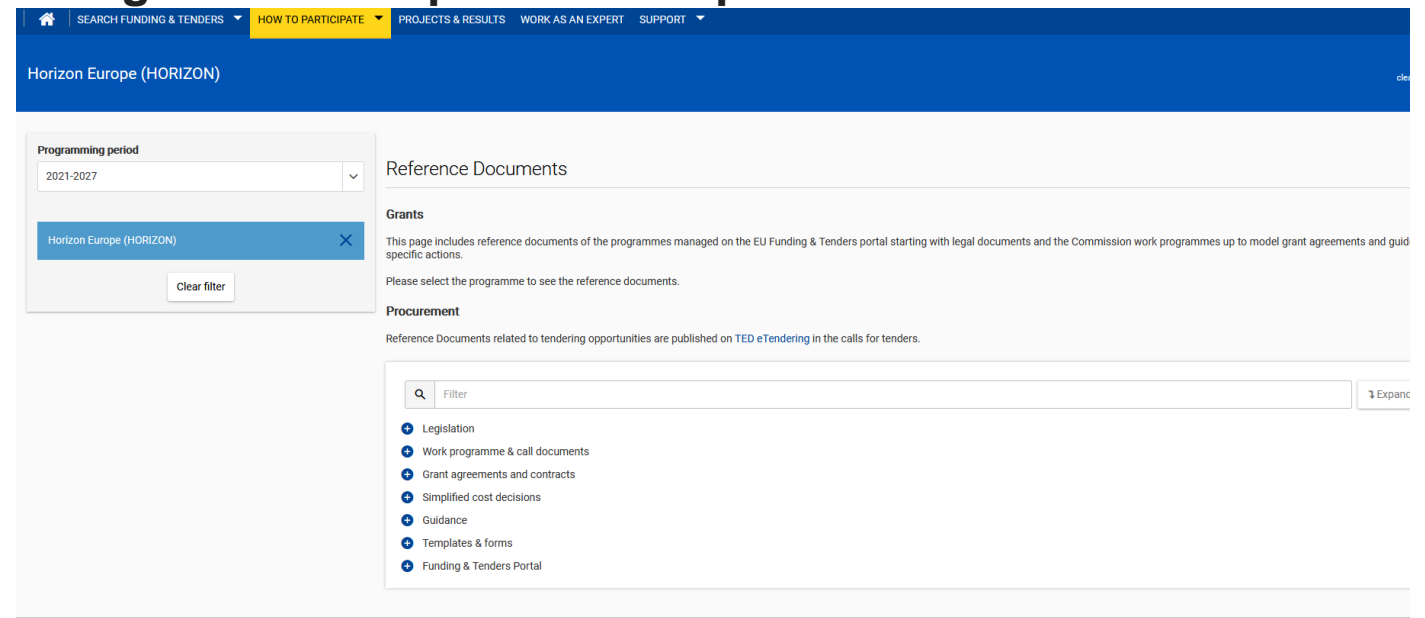
<https://ec.europa.eu/research/participants/docs/h2020-funding-guide/other/event230202.htm>

❖ 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



The screenshot shows the 'Reference Documents' page on the Horizon Europe (HORIZON) portal. The page has a blue header with navigation links: 'SEARCH FUNDING & TENDERS', 'HOW TO PARTICIPATE', 'PROJECTS & RESULTS', 'WORK AS AN EXPERT', and 'SUPPORT'. Below the header, the page title is 'Horizon Europe (HORIZON)'. On the left, there is a 'Programming period' dropdown menu set to '2021-2027' and a 'Horizon Europe (HORIZON)' filter button. A 'Clear filter' button is also present. The main content area is titled 'Reference Documents' and contains two sections: 'Grants' and 'Procurement'. The 'Grants' section states: 'This page includes reference documents of the programmes managed on the EU Funding & Tenders portal starting with legal documents and the Commission work programmes up to model grant agreements and guide specific actions. Please select the programme to see the reference documents.' The 'Procurement' section states: 'Reference Documents related to tendering opportunities are published on TED eTendering in the calls for tenders.' At the bottom, there is a search bar with the text 'Filter' and a '1 Expand' button. A list of categories is shown below the search bar, each with a plus icon: 'Legislation', 'Work programme & call documents', 'Grant agreements and contracts', 'Simplified cost decisions', 'Guidance', 'Templates & forms', and 'Funding & Tenders Portal'.

Thank you

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For further information
<https://www.clean-hydrogen.europa.eu/>

