

EARTO Feedback on Lump-Sums Pilot Experiences

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EARTO members being very active participants in the FPs, especially in collaborative projects, EARTO is a strong supporter of the European Commission's efforts towards simplification of the EU R&I Framework Programmes (FPs). In the last H2020 work programme, the EC services have launched two pilot calls to test a new approach to claim re-imburement for the work performed within the EU FPs projects based on lump-sums (see [EARTO first paper on H2020 Lump-sum pilot](#)). Several EARTO members are active in the current pilots and are happy to share their experiences as further inputs for this new EC effort towards simplification. Indeed, lump sum pilot projects should prove that they provide simplification for the beneficiaries before the lump sum scheme could be extended in Horizon Europe. This paper summarises EARTO members' feedback to date.

Phase	Issues
General	<ul style="list-style-type: none"> • Four RTOs involved in the two H2020 lump-sum pilots have provided their return on experience, which is consolidated in this paper. Please note that some of the points listed below are more relevant for one of the tested lump-sum approaches or the other. • Independent and transparent evaluation of the H2020 lump-sum pilot covering the whole project life-cycle is needed before drawing conclusions on the lump-sum approach for FP projects, including a differentiation between types and size of projects. • The first conclusions drawn from EARTO members' participation in the H2020 lump-sum pilot are not conclusive, and many issues have been encountered. • As a consequence, the next step should strictly consist in a limited extension of the experiment to a few more pilot calls, providing a more representative sample to test the lump-sum approach on a variety of projects, including reputedly complex projects with numerous and various types of partners as well as with significant budget.
Proposal & Evaluation	<ul style="list-style-type: none"> • Projects are more split into many slimmer work packages which are more independent from each other than for usual FP projects in order to reduce risk since only fully achieved work packages (WP) can be paid. For instance, one of the projects counts 22 different WPs. This could be detrimental to the collaborative aspect of FP projects, which is an important EU added value of FPs. • Choice of partners needs to be made carefully, in order to reduce the risk of defaulting partners which could in the end lead to reduced payments. This could be a barrier to welcome newcomers (in particular small organisations) in FP projects. • The cost of making proposals is increased: proposals need detailed work packages with breakdown into cost categories as of stage 1 (new tables with costs per type of cost and Work Package for each partner), which might lead to an important amount of paperwork for the proposal (for instance 900 pages for one proposal, or 47 pages for the cost breakdown for another proposal).
Grant Preparation & Negotiations	<ul style="list-style-type: none"> • The recently published Annotated Model Grant Agreement (AMGA), updated for Lump Sum, has already proven itself to be a very useful source of information. However, there are 2 models for H2020 Lump Sum Model Grant Agreement's available (Lump Sum & Lump Sum Pilot), which caused confusion. Both have version number 5.0 but the legal content is quite different. • The Model Grant Agreement (MGA) does not include a procedure for approval of delivered Work Packages, which leads to unclarity regarding the qualitative evaluation of the deliverables. This creates uncertainty, it would be appreciated if a uniform process for this could be incorporated.

	<ul style="list-style-type: none"> The Model Grant Agreement (MGA) includes a clause that beneficiaries may exceptionally declare partial lump sum shares that were not completed for the last reporting period if agreed by the EC. However, there is no procedure or guidance available on when and how this exception is applicable. Further guidance is needed to increase legal certainty for beneficiaries.
Consortium Agreement	<ul style="list-style-type: none"> High dependency on consortium partners for the implementation of work packages and eligibility of costs. The clauses on liability are the same as for regular H2020 projects: "the beneficiaries are jointly & severally liable for the implementation of the action, financial liability is limited to the beneficiaries' own debts". However, it is challenging to agree upon responsibilities & liabilities between beneficiaries in case (1) a WP is not approved by the EC or (2) a beneficiary (or even third party) is not able to perform its work for a specific WP. Therefore this matter should be solved by further guidance in the Annotated Model Grant Agreement (AMGA).
Financial Aspects	<ul style="list-style-type: none"> Underfinancing of the project is now possible: a backup financing is necessary. Some pilot projects have been budgeted as 'traditional' projects, with person months, fixed tariffs and co-financing. But in terms of project implementation, this is not relevant anymore. Cuts of the planned budget were demanded by the EC without providing detailed information on the reasons. Ethics work packages were added by the EC without additional funding.
Project Execution & Reporting	<ul style="list-style-type: none"> Budget reallocation requires an amendment so that it can be controlled by EC, quite understandably. This takes some time getting used to compared to regular H2020 projects, which only require an amendment if the work is being altered or reallocated. The EC project officers need to be involved in discussion as much as possible, it is a learning experience also for them.
Audits	<i>Lump-sum pilot projects have not reached that stage yet.</i>

EARTO and its experts remain of course ready to further discuss their experiences with the EU institutions.

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