



TURKEY_{in}
HORIZON 2020
COOPERATION, INNOVATION, COMPETITIVENESS



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finanslanılmaktadır.

Turkey in Horizon 2020 II European Innovation Ecosystems

Financial Management

Understanding the Financial and administrative requirements of your proposal

FGT EIE, Ankara

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HE Legal & Financial Key Expert



REPUBLIC OF TURKEY
MINISTRY OF INDUSTRY
AND TECHNOLOGY



COMPETITIVE
& COHESION
PROGRAMME



TÜBİTAK

Meet the instructor

Odysseas Spyroglou
Key Expert 2. Legal, Financial & IPR



- **Innovation consultant** with **engineering, ICT and financial** background.
- Over **20 years of working experience** in EU funded projects: preparing proposals, building consortia and managing projects under FP7, CIP, COSME, INTERREG, MED, H2020 and more.
- Specialise in **Project Management & Quality, Intellectual Property** and reengineering **business processes**.
- Designed and delivered more than **300 training sessions on Innovation** Management, IPR, Entrepreneurship, Proposal Writing, Project Management, financial administration.

20+
Years

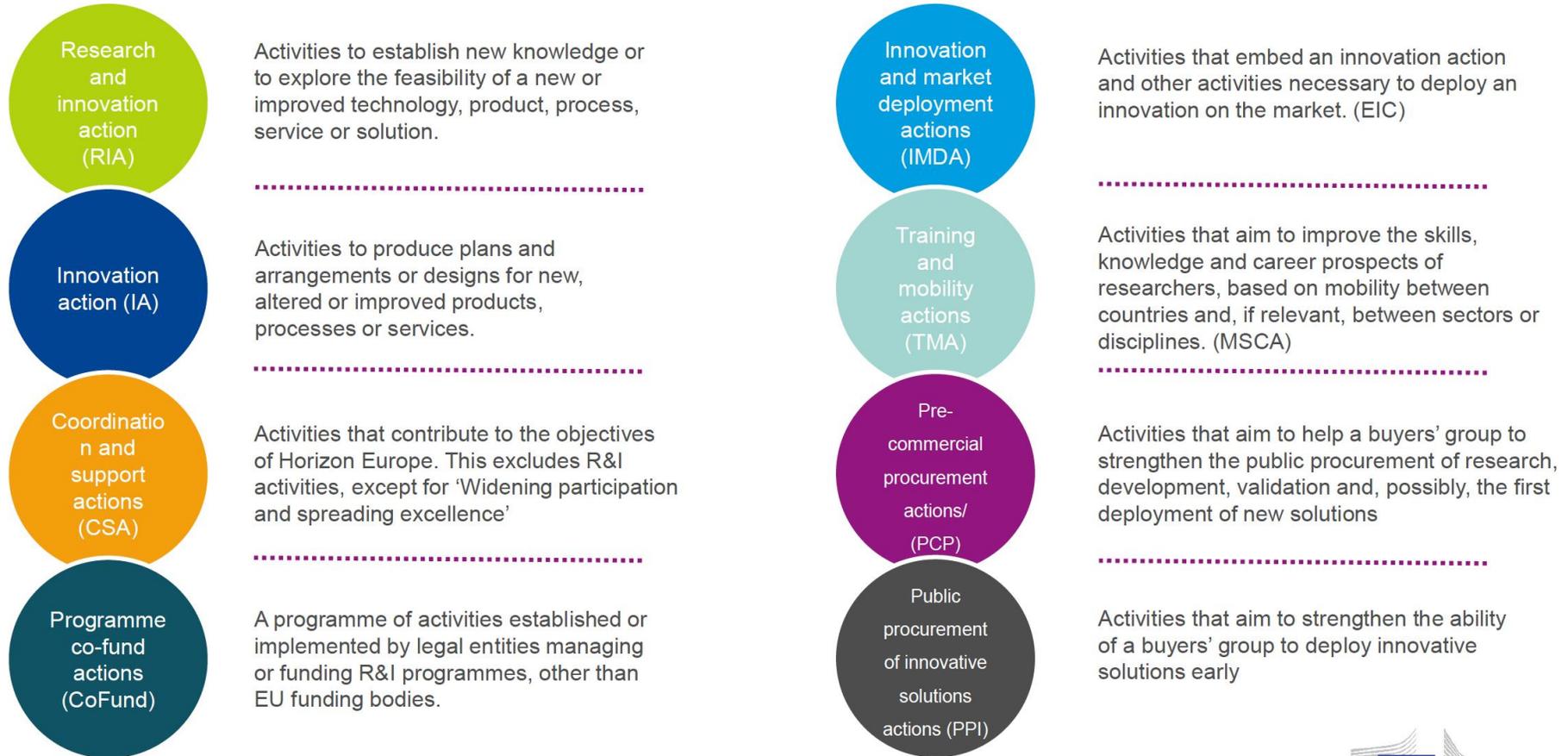
60+
Projects

90m+
Funds

 [linkedin.com/in/ospyroglou](https://www.linkedin.com/in/ospyroglou)

Eligibility

Annex B: Types of Actions



Types of Action in EIE

Type of Action	Funding rate
Research and innovation action (RIA)	100%
Coordination and support action (CSA)	100%
Programme co-fund action (COFUND)	Between 30% and 70%

RIA

establish **new knowledge** and/or to **explore the feasibility** of a new or improved technology, product, process, service or solution.

Basic and applied research, technology development and integration, testing and validation on a small-scale prototype in a laboratory or simulated environment.

CSA

Action **contributing towards the objectives of the Programme, excluding research and innovation activities.**

Standardisation, dissemination, awareness-raising and communication, networking, coordination or support services, policy dialogues and mutual learning exercises and studies.

COFUND

provide co-funding to a programme established and/or implemented by entities managing and/or funding research and innovation programmes, other than Union funding bodies.

Actions directly implemented by entities **or by third parties to whom they may provide any relevant financial support** such as grants, prizes, procurement, as well as Horizon Europe blended finance.



Costs and eligibility

- A grant is not the lottery.

You may need to contribute to the budget.

- All costs by partners.

- Only "Eligible" Costs.

- Costs have to be:

- Actual
- Real (not estimated)
- Fall under one of **budget categories**
- During project duration
- Estimated in the budget
- identifiable and verifiable
- Compliant with national laws on taxes, labour and social security
- Reasonable & justified



Understanding the Costs

ELIGIBLE COSTS	INELIGIBLE COSTS
<p>DIRECT (Actual)</p> <ul style="list-style-type: none">• Personnel costs (incl. employer's costs)• Travel• Equipment (depreciation rules apply)• Goods, works and services• Subcontracting <p>INDIRECT (25% on all Direct Exp. Subcontracting)</p> <ul style="list-style-type: none">• Overhead	<ul style="list-style-type: none">• Deductible VAT (Note: non deductible/non identifiable VAT is eligible)• Losses due to fluctuation of exchange rates• Interest owed• Provisions for future losses or debts



Direct Personnel Costs Categories

- Employee costs (or equivalent) - ACTUAL
 - basic remuneration = basic salary (*incl. Salary, social Security, Taxes, other*) + complements (*13th Salary, night shifts, hazardous work complement, variable*)
 - for non-profit legal entities: additional remuneration ('bonus payments')
- natural persons working under a direct contract - ACTUAL
- 'beneficiaries that are SMEs for their owners (or natural persons) not receiving a salary' - UNIT

ACTUAL vs. UNIT: See P. 13 of Annex G: Legal and financial set-up of the GA, in General Annexes



What is person time? (PDays / Pmonths)

One Person working for 3 months (Full time)

=

3 Persons working for 1 month (Full time)

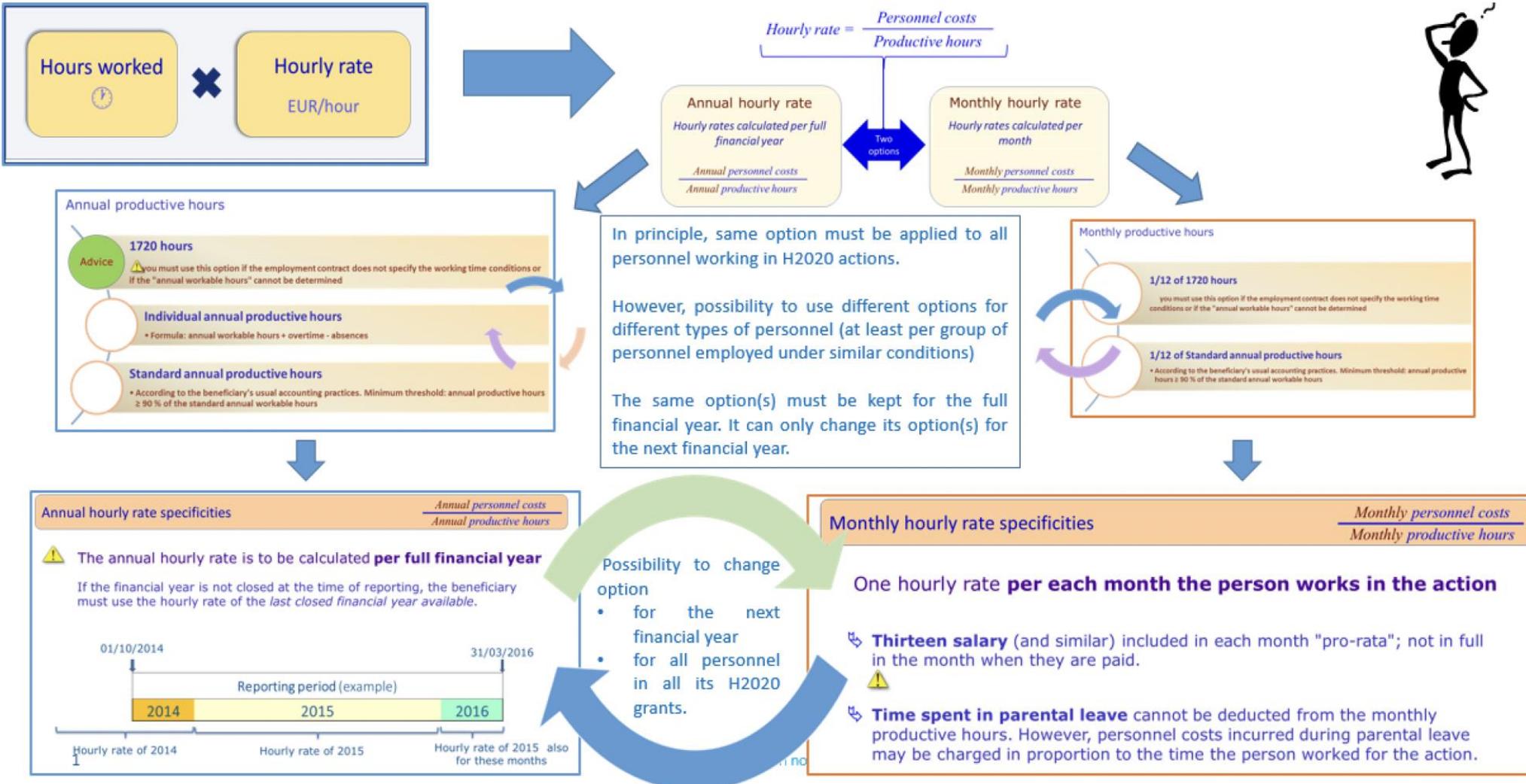
=

6 Persons working for ½ month

ANY DURATION



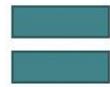
Horizon 2020 estimation of rates



Horizon Europe

- Only hours worked on the project can be charged.
- **Timesheets:** Working time recorded till the end.
- Real **productive** hours not estimations.
- Some activities **not** productive hours :

Personnel costs



Daily rate



Days worked
in the project

Example:

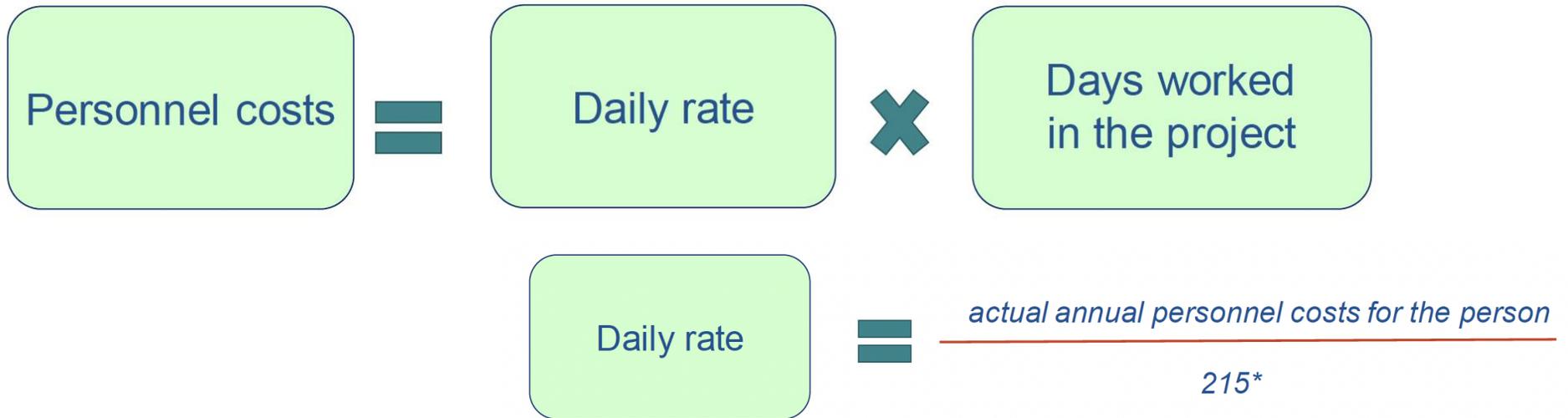
Hourly Rate = 40 €

1.600 Annual Prod. Hours: 800 h for this project

$40 * 800 \text{ h} = 32.000 + 2000 \text{ € (Additional Rem. as PM)} = 34.000 \text{ €}$

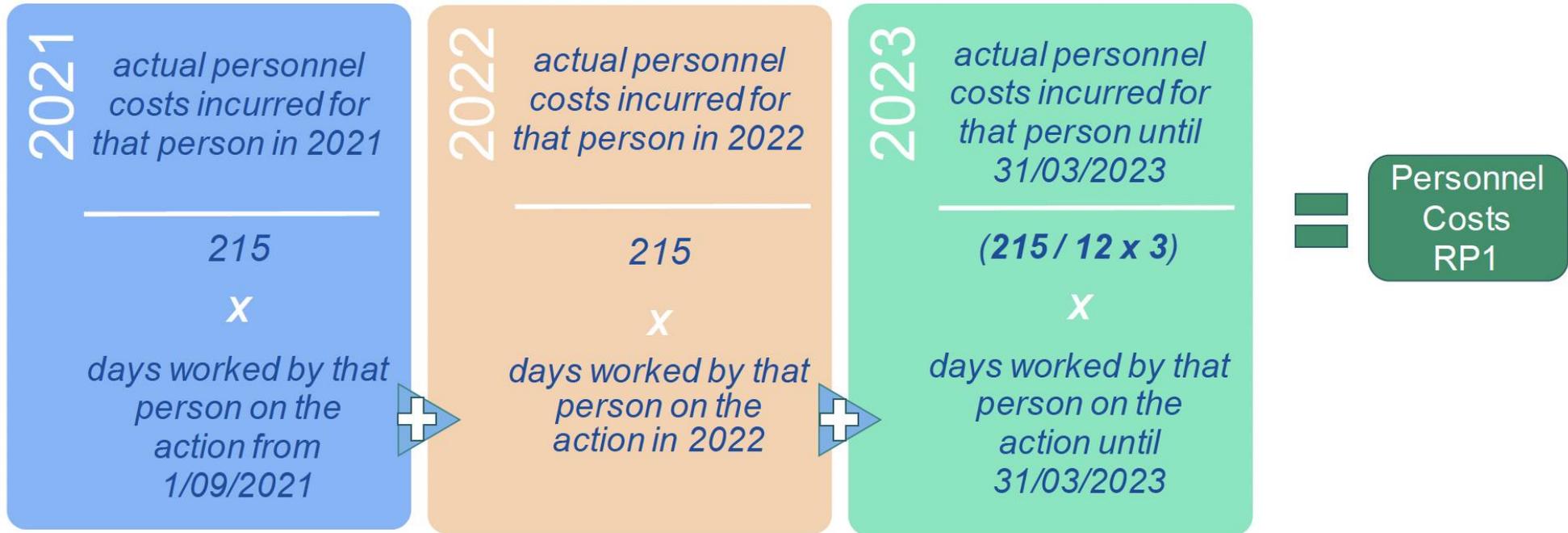


Horizon Europe: from now on



- Daily rate estimated per calendar year.
- Timesheets (Paper or Digital) OR monthly declaration on days worked on action.

Daily Rate Calculations



- NO NEED FOR THIS DURING PROPOSAL PHASE.



SME Owners NOT receiving a salary

SME owners / natural persons / no salary

YES: owners compensated by other means than a salary
(e.g. dividends, service contracts between the company and the owner, etc.)

NO: owners receiving a salary *(registered as such in the accounts of the SME)*

HOW:

- Hourly Rate = { EUR 4,650 / 143 hours } X {country-specific correction coefficient}

In TR = 86,6%

Can be found in Annex 2a of Grant Agreement.



Other Direct Costs

- **Travel and Subsistence**
- **Equipment (only Depreciation)**
- **Purchase of Goods and Services**



Travel

- **Transportation**

- Number of Trips
- Destinations
- Duration of travels
- Number of people traveling

- **Flat Subsistence Allowance**

- *eligible if in line with beneficiary's usual practices on travel*

See: http://ec.europa.eu/research/participants/data/ref/fp7/89566/flat-rates-subsistence_en.pdf



Equipment

- Always verify specific rules
- Depreciation (not full cost)
- According to National Legislation

Example:

- Every item has an economic life (e.g. 4 years according to National Legislation in Greece)
- After 4 years its value = 0
- Losing 25% of its value every year
- If the project lasts 4 years you can charge the full cost



Other Costs

- Short Consultancies
- Catering
- Printing services
- Etc.

Some times these can go to subcontracting

ALL MUST BE DETAILED AND JUSTIFIED



Subcontracting

- Always check specific rules
- Business Conditions
- Only small amount
($<15-20\%$ of the partner's budget)
- Avoid it if you can

ANNEX 1:

Description of Tasks, Costs Estimation, Need justification

ANNEX 2: Estimated Costs

EXAMPLES: *Contract for part of the research //*
Contract for Test and analysis of a new product



Indirect Costs (Overheads)

- Necessary for every functioning organisation
- Connected to productive personnel
 - Utilities
 - Office costs
 - Communications
- How to determine the % ?
 - FLAT 25% of ALL Direct costs (*except Subcontracting*)
- They do NOT have to be justified



Budget Flexibility

- At reporting costs may differ from estimated eligible costs.
- Budget Transfer between Beneficiaries or between budget categories without Amendment

If incurred costs < estimated, difference to another partner or budget category.

If significant change in planned work, amendment is needed



Funding Limits

- One project = one rate for all activities
- 100% of the eligible costs for **Research Actions (RIA)**
- Maximum of 70% for **Innovation actions (IA)**
(non-profit organisations – maximum of 100%)
- 100% for **Coordination and Support (CIA)**
- Defined in the Work Programme



Phases of Budget Building

1. Define the total cost
2. Partner distribution draft
3. Prepare WBS and PM / WP
4. Determine Personnel Costs
5. Define Other Costs
6. Circulate budget to partners
7. Negotiate and finalise



Define the Final Budget

- Make a rough evaluation
- Based on restrictions
 - Call budget
 - Previous Projects
 - Ask your NCP about competition
- Must be realistic
- Start moderate so you can increase it during preparation
- Negotiate early with partners
 - Distribute your proposal in the beginning
 - Even if you have not all the partners, you know the roles



Horizon Europe Personnel Cost Model

Average Person Month Cost = weighted mean value of the different profiles

Profile	PM Cost	PM	Total
Director	8.000,00 €	2	16.000,00 €
Senior Researcher	5.000,00 €	8	40.000,00 €
Junior Researcher	2.500,00 €	10	25.000,00 €
		20	81.000,00 €
	AVERAGE COST:		4.050,00 €

Taken into account only for Proposal Phase. During Project Implementation you need actual costs.



Why is it important ?

- Wrong assumptions lead to problems
- Poor planning creates uncertainty
- TEMPLATE for budget in our helppage
<https://th2020.zendesk.com/hc/en-us/articles/4402400291218-FGT-15-Focus-Group-Training-on-HE-EIE-Work-Programme>



Completing the Budget table

			Estimated expenditure						Estimated income								
			Estimated eligible costs						Requested EU contribution			Revenues	Other sources of financing		Total estimated income (s)=(n) +(o)+(p)+ (q) + (r)		
No	Participant name	Country	A. Personnel costs/€ (a1)	B. Subcontracting costs/€ (b)	C. Purchase costs			D. Other cost categories [specific cost category] /€ (dx)	E. Indirect costs/€ (e) = 25% * [(a1) + (c1) + (c2) + (c3) + (d7)]	Total eligible costs (h) = (a1) + (b) + (c1) + (c2) + (c3) + (d) + (e)	Funding rate (U)	Maximum EU contribution to eligible costs (l) = (U) * (h)	Requested EU contribution to eligible costs/€ (Requested grant amount) (m) (n)	Income generated by the action (o)		Financial contributions (q)	Own resources (r)
1	Participant 1	NL															
2	Participant 2	LB															
	Affiliated Entity	LB															
3	Participant 3	DE															
	Associated Partner	AR															
Total																	



How to use the template

	(A) Direct Personnel Costs	(B) Subcontracting Costs	(C.1) Travel and Subsistence	(C.2) Equipment	(C.3) Other Goods & Services	(C) Purchase Costs	(D) Other Costs	(E) Indirect costs 0.25*(A+C+D7)	(H) Total estimated eligible A+B+C+D+F+G	(I) Reimburse- ment rate	Max grant H*I	Requested Grant
COO1	0.00 €					0.00 €	0.00 €	0.00 €	0.00 €	100.00%	0.00 €	0.00 €
PAR2	176,000.00 €					0.00 €	0.00 €	44,000.00 €	220,000.00 €	100.00%	220,000.00 €	220,000.00 €
PAR3	0.00 €					0.00 €	0.00 €	0.00 €	0.00 €	100.00%	0.00 €	0.00 €
PAR4	0.00 €					0.00 €	0.00 €	0.00 €	0.00 €	100.00%	0.00 €	0.00 €
PAR5	0.00 €					0.00 €	0.00 €	0.00 €	0.00 €	100.00%	0.00 €	0.00 €
PAR6	0.00 €					0.00 €	0.00 €	0.00 €	0.00 €	100.00%	0.00 €	0.00 €
PAR7	0.00 €					0.00 €	0.00 €	0.00 €	0.00 €	100.00%	0.00 €	0.00 €
PAR8	0.00 €					0.00 €	0.00 €	0.00 €	0.00 €	100.00%	0.00 €	0.00 €
PAR9	0.00 €					0.00 €	0.00 €	0.00 €	0.00 €	100.00%	0.00 €	0.00 €
Total	€ 176,000.00		€ 0.00	€ 0.00	€ 0.00	€ 0.00		€ 44,000.00	€ 220,000.00		TOTAL	€ 220,000.00





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Teşekkür ederim!

Thank you!



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