



Bu proje Avrupa Birliği ve Türkiye Cumhuriyeti  
tarafından finanse edilmektedir  
This project is co-funded by the European Union  
and the Republic of Türkiye



Technical Assistance for Turkey in Horizon 2020 Phase-II  
EuropeAid/139098/IH/SER/TR

# Turkey in Horizon 2020 Phase II

Legal and Financial & IPR Training, 15-16/9/2022

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# Eligible costs – Financial management



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# Personnel costs



$$\begin{aligned} \text{Personnel costs} &= \text{Daily rate} \times \text{Days worked in the project} \\ \text{Daily rate} &= \frac{\text{actual annual personnel costs for the person}}{215^*} \end{aligned}$$

(\*) 215 for full time

OR

Pro-rata of 215 for part time (e.g. 50% \* 215 = 107,5)



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$$[\text{Daily rate}] = [\text{Total annual cost of employee}] / 215$$

**EXAMPLE: Reporting period 1/9/2021 – 31/3/2023**

Daily rate for hours of 2021 =

[Total employee cost of 2021]

-----  
215

Daily rate for hours of 2022 =

[Total employee cost of 2022]

-----  
215

Daily rate for hours of 2023 =

[Total employee cost **until 31/3/2023**]

-----  
[215 \* **3/12**]



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- Possibility of keeping records in hours instead of days
- Convert hours to days at the time of reporting: **3 options**
  1. According to the employee's **contract**  
(e.g. 7,5 hours / day)
  2. According to the **usual practice** of the beneficiary  
(e.g.  $1.680 / 215 = 7,81$  hours / day)
  3. According to the **fixed number 8**  
(8 hours)





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## A1. Employees (or equivalent)



- Employees (employment contracts, full or part time, limited or unlimited duration)
- Who have been assigned to the action
- Eligible is the entire cost of the employee to the employer (social security contributions, taxes, and other costs included in the remuneration, if they arise from national law or the employment contract)
- No bonus (only under conditions – *“Project Based Remuneration”*)
- Reimbursement by EU on the basis of daily rate

## A2. Natural persons under a direct contract



- Reimbursed on the basis of **time spent** on the action and not on the basis of successful delivery of results/ deliverables
- Eligible cost: **days worked \* daily rate**
- Daily rate (or the total days to be worked) should be mentioned in the **contract**
- Projects mentioned in the **contract**
- Working conditions **similar** (not necessarily identical) to those of employees performing similar work (especially in relation to the place and organisation of the work, the supervision, the daily rate and the ownership of any IP)

# Project Based Remuneration



## WHAT IS IT?

- ❖ Usual remuneration practices of a legal entity under which a **personnel receives supplementary payments for work in projects**

### Example:

*an employee who gets a bonus or a new contract with a higher salary level for working in a project*



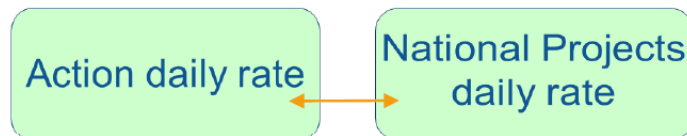
## HOW MUCH CAN BE DECLARED?

- ❖ Actual remuneration costs paid by the legal entity for the time worked by the personnel in the action ('**action daily rate**') **up to** the remuneration that the person **would be paid for work in R&I projects funded by national schemes** (theoretical '**national projects daily rate**')
  - ❖ Defined :
    - Regulatory requirements
    - Internal rules



## METHODOLOGY?

- ❖ **Compare**



- ❖ Take the lower of the two.



## A3. Seconded persons against payment

- Paid by the beneficiary (= against payment)
- Eligible cost: as employees
- A secondment agreement must be in place

## A4. SME owners not receiving a salary OR Natural persons participating as beneficiaries

- Unit cost:

MSCA Postdoctoral fellowships living allowance x Country Correction Coefficient

= 5.080 euros / month x **64,5% (CCC for TR)**

= appr. 3.277 euros / month

**= appr. 183 euros / day**

**= appr. 23 euros / hour**

- For SME owners **not receiving a salary** (or if such salary is **exclusively** for the purpose of managing their SME)
- Special attention** should be paid to the possible contract(s) of the owner with his/her SME

**Proposal** personnel costs =  
[Average PM rate] \* [number of PMs]

**Reported** personnel costs =  
[actual daily rate] \* [actual days worked on the action]  
*for each member of staff*

## Management / Monitoring of personnel resources (personnel costs and PMs)

- Define the **persons** implementing the project
- Calculate their **actual daily rates** using existing salary data and the MGA rules
- **Plan in advance** all personnel costs and PMs to be declared throughout the duration of the project
- Identify needs for more/ less staff
- If new hirings are required, implement their contract according to the **rules**
- During reporting **adjust all above forecasts** with actual figures:
  - PMs according to actual time sheets
  - Cost according to actual finalized salary data



## Management / Monitoring of personnel resources (personnel costs and PMs)

- **Continuous** monitoring and update of the plan:
  - In relation to the progress of other costs (consumables, equipment, subcontracting, etc)
  - In relation to changes in personnel or their salaries
  - In relation to potential budget changes
- What if **actual PMs deviate** from planned PMs?
  - Significant deviations require **explanations**
  - Try to connect the explanation on PM deviation with the **actual progress** of the project/ work, additional work performed, ...
  - Avoid **arbitrary PM rate** at proposal stage – calculate according to your reality



## Management / Monitoring of personnel resources (personnel costs and PMs)

- Reliable time records – hours should be **in line with**:
  - Absences, vacation, leaves, work in non-project related activities
  - The terms of the individual employment contract
- **Integration and fusion of information** from all relevant departments of the organisation:
  - Human resources
  - Accounting
  - Procurement
  - Management
  - Administration



## Subcontracting

- For activities that are defined as “**action tasks**” in the GA
- **Only**  $\gamma\iota\alpha$  for a limited part of the research work
- The **main** part of the research work must be implemented by beneficiaries
- No indirect costs 25%
- Preferably by subcontractors within **EU/ AC**

- Must be **foreseen** in the GA (**otherwise inform the PO and perhaps amendment**)
- **Addition** of subcontracts: in principle requires **approval** and/or **amendment** of the GA
- Checked **thoroughly**
- **Justification** in the proposal/ GA:
  - Why is it **necessary**?
  - Why can't the **beneficiary** carry out the task?
  - How to ensure **best value for money / avoid conflict of interest**?
  - Detailed description of **tasks** and **cost** for the subcontract (**NO** identification of the subcontractor – only in exceptional cases)



## Travel costs

- Transportation, accommodation, subsistence (actual costs or fixed daily allowance)
- According to beneficiary's usual practices
- Only for **project related** activities
- Only **within the duration** of the project (exceptions)
- Costs for cancelled travels not eligible (unless force majeure can be proven)



## Eligible travels:

- **Project implementation, communication and dissemination** (Visits to research sites, Conferences, Infodays, Events, Exhibitions, ...)
- **Project meetings between partners** (General Assembly, Steering Committee, Consortium Board, Advisory Board, WP Leaders meetings, ...)
- Travels for **meetings with the EC / Project review meetings**
- Travels of **invited speakers /external experts**
- Take into account the **usual practices** of your organisation

## Equipment

- **Equipment** = fixed/ durable assets with a certain useful life for the beneficiary defined mainly by accounting standards
- **Eligible costs:**
  - Only equipment **necessary** for the project
  - Only **depreciation** according to accounting standards
  - For the **period** and the **percentage** of its use for the project
- **Leasing/ renting** of equipment also eligible

- Costs for construction of **prototypes** by the beneficiary: each cost item to be declared in its own category according to its nature
- Equipment bought to be used on **pilot plants**: full cost **ONLY** if foreseen in the call (**contrary to H2020**)
- Take into account the start of the project – plan well in advance

## Electron microscope needed by beneficiary

Month	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
WP2																								
Purchase																								
Eligible cost						875	875	875	875	875	875	875	875	875	875	875	875	875	875	875	875	875		

- Microscope used exclusively on the action under tasks of WP2
- Project duration 24 months
- WP2 duration = 17 months / start M6 - end M22
- Total purchase price: 65.000 €
  - Net value: 52.419 €
  - VAT 24%: 12.581 €
- Useful life: 5 years = 60 months
- Monthly depreciation =  $100\% / 60 \text{ months} = 1,67\%$  per month
- Monthly eligible amount =  $1,67\% \times 52.419 \text{ €} = 875 \text{ €}$
- Total to be claimed in the project's reports =  $875 \text{ €} \times 17 \text{ months} = 14.882 \text{ €}$



*(Use of the equipment under WP2 could be extended to more than 17 months according to actual implementation)*

## Other goods, works & services

- Any other costs necessary for implementation
- Not defined as “Action tasks”
- Research consumables
- Promotion/ dissemination/ communication
- Meetings/ events/ conferences
- IP filing and protection
- Bank fees for transfers of EU contribution
- Website
- ....
- Best value for money – avoid conflict of interest
- Certificate on the Financial Statements (**CFS**)
  - Once with the final report
  - If requested EU funding  $\geq 430.000$

If defined as  
“Action task”: →  
**Subcontracting**



## Specific costs categories

- Financial support to 3<sup>rd</sup> parties
- Internally invoiced goods & services
- Transnational / virtual access to research infrastructures
- PCP/ PPI procurement costs
- EURATOM/ COFUND staff mobility costs
- ERC additional funding

## Not eligible costs

- Costs for drafting the **Consortium Agreement**
- Depreciation costs for equipment bought before the action's start (if the equipment has been **fully depreciated**)
- Costs for **preparing**, submitting and negotiating the proposal
- Bank costs charged by the beneficiary's bank for transfers from the EC
- Currency exchange losses
- **Excessive or reckless expenditure**
- Deductible VAT
- Costs incurred during suspension of the implementation of the action
- Costs declared under another EU or Euratom grant
- ... (*non exhaustive list*)



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# Thank you for your attention!

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