



**GHENT
UNIVERSITY**

LUMP SUM FUNDING MODEL

General Introduction and Impact on Erasmus+ Projects – 8/11/2022

LUMP SUM FUNDING MODEL

– What?

- Total grant is defined up-front (either prefixed or calculated at application stage based on real costs)
- Formally fixed in the Grant Agreement
- Payment linked to acceptance of completion of activities, not linked to cost reporting

AGENDA

- Lump Sum funding in Horizon Europe
- Lump Sum funding in Erasmus+
 - Pre-award phase
 - Post-award phase
 - Tips & tricks and IRO Support
- Q&A

HORIZON EUROPE

WHY INTRODUCING LUMP SUM IN HORIZON EUROPE

- Simplification & reduction of administrative burden
- Reduce administration and financial errors
- More accessible for SMEs and newcomers
- Focus on the content instead of financial management

Unclear if this will be true

WHAT IS NEW?

- Breakdown of lump sum shares **per work package and per participant**
- Payment based on **acceptance of completed WP** within the reporting period NOT on successful outcome
- No need for actual costs recording, no timesheets, no financial audit, no invoices,...

CURRENT STATE

- H2020
 - Pilot projects
- HEU 2021/22
 - 14 consortium projects (deadlines 11/2022 & 01/2022)
 - ERC Proof of Concept (mono beneficiary)
- HEU 2023/24
 - Ca 31% Lump Sum

Cluster	# topics	# LS topics	%
1 (Health)	44	8	18,2%
2 (Culture, Creativity and Inclusive society)	56	12	21,4%
3 (Civil security for society)	41	17	41,5%
4 (Digital, industry, space)	130	56	43,1%
5 (Climate, energy, mobility)	189	46	24,3%
6 (Food, Bioeconomy, Natural Resources, Agriculture and Environment)	177	56	31,6%
Total	637	195	30,6%

WRITING A LUMP SUM PROPOSAL IN HEU

- **Start early!**
 - more time for budget and work packages needed
- **Inform your partners**
- **More and shorter work packages (WP)**
 - Split accompanying WPs in time
 - Split big WPs by task
- **Mandatory detailed budget template:**
 - To judge if your costs are realistic
 - Avoid dispute with the partners later on

LUMP SUM INFO SESSION

- NCP Workshop on Lump Sum funding in Horizon Europe: 29.11.22 ([link](#))
- Lump Sum info session for UGent coordinators (HEU projects): (tbd, December)

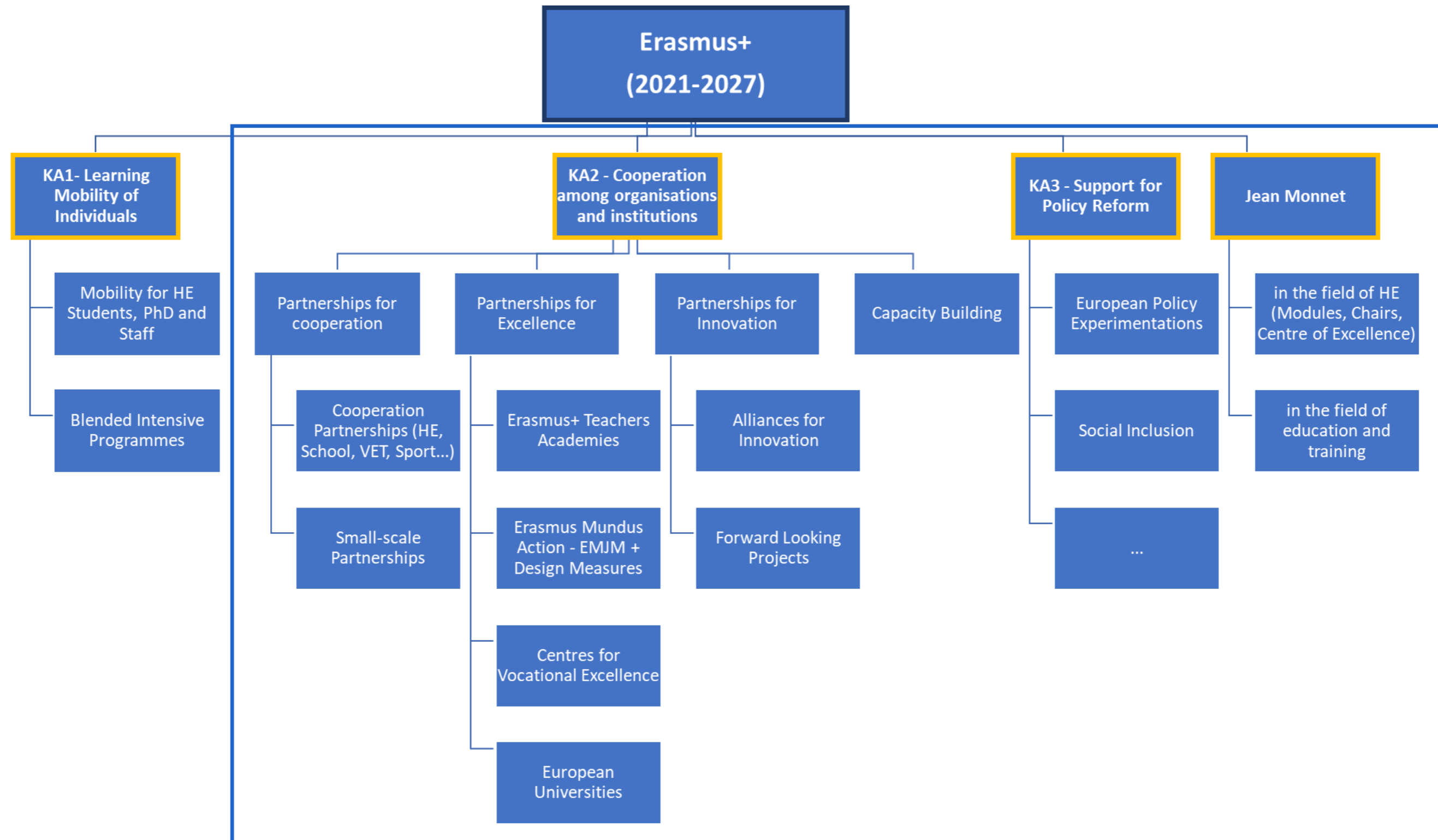


ERASMUS+

LUMP SUM FUNDING MODEL IN ERASMUS+

- Gradual rollout in Horizon Europe
- Introduced in majority of Erasmus+ Actions since 2021

ERASMUS+: EU PROGRAMME FOR EDUCATION, TRAINING, YOUTH AND SPORT



CENTRALISED AND DECENTRALISED ACTIONS

European Commission responsible for overall management of Erasmus+

- European Education and Culture Executive Agency ([EACEA](#)) manages centralised Actions (direct management)
- Applications submitted to Funding & Tender Opportunities Portal ([FTOP](#))
 - Cooperation Partnerships in the field of sport
 - Erasmus+ Teacher Academies
 - Erasmus Mundus
 - Alliances for Innovation
 - Forward-Looking Projects
 - Capacity Building
 - Jean Monnet Actions
 - Support to Policy Development and Cooperation (KA3)

- [National Agencies](#) manage decentralised Actions (indirect management)
- Flanders: [Epos](#)
- Applications submitted to Erasmus+ and European Solidarity Corps Platform ([EESCP](#))
 - Cooperation Partnerships in the field of education and training

FUNDING MODELS ERASMUS+

	Pre-award	Post-award	
Unit contribution (e.g. former Strategic Partnerships, Knowledge Alliances, Capacity Building or new Cooperation Partnerships (Call 2021))	<ul style="list-style-type: none"> • Menu of cost items, pre-fixed applicable rates/units • Choose according to activities and results to be achieved 	<ul style="list-style-type: none"> • Number of units must be identifiable and verifiable • ‘Actually incurred related to triggering events’ • Technical and financial reporting • Potential technical and financial checks and audits 	<ul style="list-style-type: none"> • Supporting documents: Proof of activities undertaken (project output), attendance lists, meeting agendas, monthly timesheets, proof of employment, ...

FUNDING MODELS ERASMUS+

	Pre-award	Post-award	
<p>Contribution to actual costs incurred (e.g. former KA3-projects, or new Erasmus+ Teacher Academies)</p>	<ul style="list-style-type: none"> Estimating project budget based on real costs 	<ul style="list-style-type: none"> Claim actual costs incurred by the project Technical and financial reporting (proving costs declared) Potential technical and financial checks and audits 	<ul style="list-style-type: none"> Supporting documents: Invoices, monthly timesheets, proof of employment, report on progress of the action (deliverables, milestones), ...

Budgetted costs vs. real costs incurred by the project!

FUNDING MODELS ERASMUS+

	Pre-award	Post-award	
<p>Lump sum contribution</p> <ul style="list-style-type: none"> - Customized (e.g. new Forward-Looking Projects, Capacity Building, Jean Monnet, ...) - Fixed (e.g. new Cooperation Partnerships (as of Call 2022), ...) 	<ul style="list-style-type: none"> • Estimating project budget based on real costs 	<ul style="list-style-type: none"> • Claim project budget based on completion of activities and WPs • ‘Implementation reporting’, no financial reporting • No financial checks or audits 	<ul style="list-style-type: none"> • Supporting documents: Project output, deliverables, milestones, ...

LUMP SUM PRE-AWARD PHASE

PRE-AWARD PHASE

- Choose the most relevant Action/project type for your project idea
- Check the funding model linked to the Action
 - Fixed vs Customised Lump Sum
- Always involve IRO during the application phase

TYPES OF LUMP SUMS

Fixed Lump Sum	Customised Lump Sum
<ul style="list-style-type: none">– Total lump sum amount is predefined<ul style="list-style-type: none">• Lump sum amount requested = Total grant amount for the project– No official budget template available– Choice of the lump sum amount should be based on estimate for the overall cost of the project: Align actual project costs with predefined lump sum amount✓ IRO has developed a budget table for this purpose– Check Action-specific Instructions and Guidelines:<ul style="list-style-type: none">• Respect co-financing principle, yet % undefined– Examples:<ul style="list-style-type: none">• Cooperation Partnerships / Small-scale Partnerships in field of Education, Training, Youth (Decentralised)• Cooperation Partnerships / Small-scale Partnerships in field of Sport (Centralised)	<ul style="list-style-type: none">– Maximum EU grant is predefined, but the actual grant should be calculated– Official budget template available– Base calculations on real cost estimates as much as possible– Check Action-specific Instructions and Guidelines on how to calculate the budget<ul style="list-style-type: none">• Varying units for calculating staff costs (e.g. 1 unit = month/day)• Varying percentages of co-financing– Be realistic – do not overestimate/underestimate– Examples:<ul style="list-style-type: none">• Capacity Building in Higher Education, Alliances for Innovation, Forward-Looking Projects, Jean Monnet Networks (Centralised)

CO-FINANCING

- EU grant does not finance entire cost of project
- Additional sources of funding are required:
 - Beneficiary's own resources
 - Income generated by the project
 - Financial contributions from third parties
 - Contributions in kind from third parties are not eligible as sources of co-funding
- Example: EU finances 80% of the total cost. If the implementation of a project costs €1,000,000, the EU finances €800,000. Where to find the other €200,000?
 - UGent approach: Involvement of permanent staff ('statutair personeel')
 - Maximize the calculated workload, but be realistic
 - Different institutions may use different sources. The sources do not need to be declared/proven

CO-FINANCING

- Fixed lump sum
 - % undefined
 - Not required to demonstrate in detailed budget template (not available)
 - ‘Show that the estimated value of the planned activities is higher than the grant amount requested’ in the narrative part of the application
- Customized lump sum
 - % defined
 - Demonstrated in detailed budget template
 - Automatically calculated at predefined co-financing rate

INDIRECT COSTS / OVERHEAD

- Different Overhead rules may apply
- An indirect costs flat rate of 7% is explicitly applied by the EU to certain project types (calculated on top of the budget)
- Different institutions may apply different rules – important all partners are aware of their respective rules.
 - Internal financial rules of partners specifically apply to their respective share of the budget.
 - Involve IRO at application stage to be aware of the rules applicable to your specific project!

ROLES: COORDINATOR VS PARTNER

Coordinator	Partner
<ul style="list-style-type: none">– Lump Sum funding model results in higher workload during application phase– The Coordinator:<ul style="list-style-type: none">• Composes the consortium• Takes the lead in designing the project and setting strategic lines• Informs partners on funding rules• Takes the specific context for each partner into account• Collects and consolidates the estimations of the partners in a single budget• Submits the application– Important to start in time<ul style="list-style-type: none">➤ Make use of IRO call for prospection budget	<ul style="list-style-type: none">– Lump Sum funding model requires consortium to be involved from the start in project design and budgeting– The Partners need to have a clear notion of:<ul style="list-style-type: none">• Expectations linked to activities and deliverables (are they realistic?)• Workload (is it feasible?)• Budget (is it correct, in line with the workload?)– Important to press Coordinator to share the budget and content of the relevant Work Packages prior to proposal submission

CONSORTIUM COMPOSITION

- Human Rights Policy:
 - New or renewed institutional collaborations with external partners are subject to a [human rights impact assessment](#)
 - Human Rights Impact Assessment [tips](#)
- UGent and its links to other entities:
 - UZ Gent:
 - UGent and UZ Gent belong to same legal entity participating in EU projects (= Ghent University)
 - Agreement between UGent and UZ Gent required in framework of each project
 - UGent will receive the grant, and transfer the relevant budget share to UZ Gent
 - imec:
 - imec staff needs to have a formal link to UGent to participate under UGent umbrella

GENERAL TIPS ON PROJECT DESIGN

- Work Package design in Lump Sum projects:
 - Write a realistic proposal with well-defined Work Packages due to liability risk linked to non-completion of Work Packages
 - Limit the Work Package on Project Management, and the budget category ‘subcontracting’ (each max 20% of total budget)
 - Mandatory for Cooperation Partnerships (decentralized action), but recommended as a guiding principle in other (centralized) actions
 - Contrary to Horizon Europe, splitting Work Packages is not recommended
 - Check Action-specific Instructions and Guidelines
- Consistency is key:
 - Between budget and content: Budget should be realistic and reflect the content (activities, output, workload) of the Work Packages
 - Between all application documents

OBSTACLES DURING PRE-AWARD PHASE

- Promotors start relatively late
- The budget is considered in general terms:
 - Content and budget are not aligned (especially when there is no official budget template available)
 - Difficult to precisely estimate the cost during application phase
- As coordinator: larger consortium -> more difficult (complex) exercise
- Always involve IRO during the application phase, as soon as possible.
 - A budget and regulatory check by IRO is mandatory, at least 5 working days before the submission deadline.

LUMP SUM POST-AWARD PHASE

LUMP SUM FUNDING: POST-AWARD

- Upon approval of project application: grant takes form of a lump sum for the completion of Work Packages/activities
- **Strong relation between project budget and WPs/activities/output/deliverables/milestones/...**
 - Payment of project budget approved upon acceptance of completion of the WPs/activities as foreseen in project application by the funding institution (quality!)
 - Write a realistic project proposal
- **Budget flexibility (?)**
 - Budget flexibility within and among WPs/activities (in principle)
 - Centralized actions - Decentralized actions (interpretation NAs?)
 - Change in content? Amendment to the Grant Agreement

LUMP SUM FUNDING: POST-AWARD

– Reporting

- Administrative simplification (in principle)
 - No financial reporting
 - No financial burden of proof
- **Only ‘implementation reporting’**
 - Burden of proof: Proof of activities/output/deliverables/milestones
 - To proof realisation of planned WPs/tasks/activities
- Although the same funding model: Different reporting systems for centralized vs. decentralized lump sum actions under Erasmus+
 - Centralized actions
 - Continuous reporting based on deliverables, milestones, ... & periodic report
 - Decentralized actions
 - Progress / interim report (mid-term) & final report
- Final report/periodic report includes (some sort of) ‘financial statement’

LUMP SUM FUNDING: POST-AWARD

- System of **prefinancing** (not: interim payments!):
 - Main idea:
 - Provide beneficiaries with a float
 - Remains property of the EU until final payment
 - Initial prefinancing
 - Additional prefinancing(s) (if any)
 - Submit report to request additional prefinancing payment
 - Report on the implementation of the project
 - Statement on the use of the previous prefinancing payment (70%-rule)
 - Different regimes:
 - Projects \leq two years: 80% - 20% (most common)
 - Projects \geq three years: 40% - 40% - 20% (most common)
- **Final/periodic report = request for payment of the balance**
 - Formal evaluation of completion of WPs/activities at the end of the project
 - Leading to final payment of the balance
- ✓ In anticipation of the prefinancing flow from the funding institution, UGent prefinances the complete budget share assigned to UGent via central resources to ensure cash flow.
 - UGent prefinancing is initiated as soon as the Grant Agreement (**when coordinating**) or Partnership/Consortium Agreement (**when partner**) is signed by all relevant parties
- ✓ UGent does not prefinance the budget share of partners, but will transfer the funding institution's prefinancing upon receipt (**when coordinating**).

LUMP SUM FUNDING: POST-AWARD

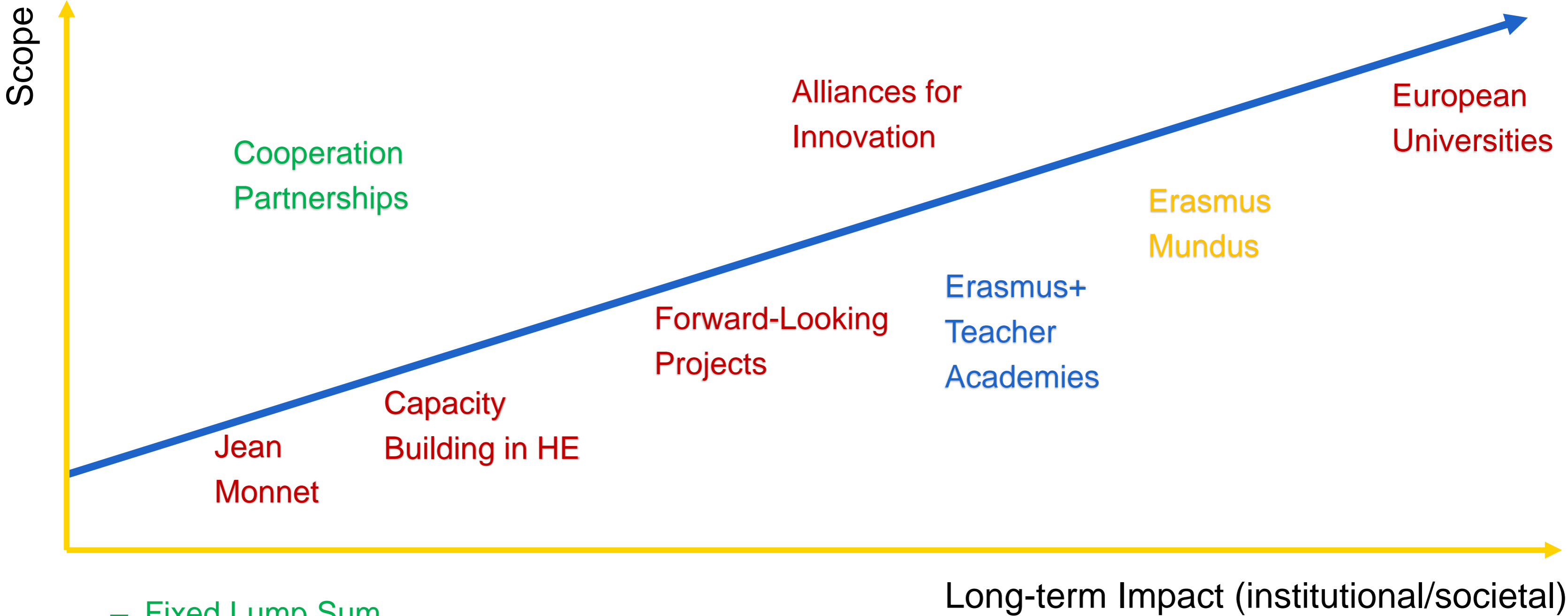
- What if (partial) completion of the WPs/activities is not accepted by the funding institution upon final/periodic report?
 - **Grant reduction; potential recoveries**
 - Centralized actions: Final evaluation?
 - Decentralized actions: Final report score based on quality criteria, 70% threshold, grant reduction on overall amount or on level of the WPs
- Importance of **Partnership/Consortium Agreement**
 - Financial arrangements
 - Payments, reporting
 - Financial liability
 - Record keeping/supporting documents (cf. 'Audits, checks, reviews')
 - At the moment: Uncertainties
- **Audits, checks, reviews**
 - During the implementation of the action, or afterwards
 - Checks and audits
 - On the proper implementation of the action
 - On compliance with the obligations under the Grant Agreement
 - No financial audit (as no financial reporting, no financial burden of proof)
 - Record keeping/supporting documents to prove realisation of the WPs/activities (as described in project proposal)
- ✓ The IRO organises an intake meeting upon selection of the project to guide you through this process

TIPS AND TRICKS

&

IRO SUPPORT

ERASMUS+: SCOPE, IMPACT, FUNDING MODELS



- Fixed Lump Sum
- Customised Lump Sum
- Contribution to Institutional Costs
- Real Costs

PRE-AWARD PHASE: TIPS AND TRICKS

- **Pick the relevant Action on the basis of your project idea – do not feel discouraged by any of the applicable funding models!**
- Start in time
- Coordinator:
 - Inform and work with your partners, avoid fundamental discussions post-award
- Partner:
 - Keep a close eye on the coordinator, ask for insight in project and budget design, avoid unpleasant surprises post-award
- Know your partners: respect UGent human rights policy and arrangements with other entities like UZ Gent and imec
- Ensure the proposal is composed of well-defined Work Packages that are feasible to complete -> The payment depends on this
- The proposed budget should respect the principles of economy, efficiency and effectiveness
- Ensure alignment between the project's content design and the accompanying budget
- Always inform the IRO as soon as possible when preparing a proposal (coordinator and partner):
 - At least 10 working days before the submission deadline to proofread the proposal (optional)
 - At least 5 working days before the submission deadline to carry out a financial and regulatory check (mandatory)
- Reach the IRO via: eu-educationprojects@ugent.be

PRE-AWARD PHASE: IRO SUPPORT

- IRO:
 - disseminates calls via [BOZI](#)
 - provides key information on relevant Actions [online](#)
 - is available to discuss project ideas to help and find the most relevant Actions
 - can support you in your search for partners
 - can provide financial support in form of [prospection budget](#)
 - can clarify procedures on relevant EU proposal submission portals
 - can advise on completing the templates (especially when coordinating)
 - can advise on drafting project budget (estimates of staff costs, travel costs, etc.)
 - is available to provide feedback on project design
 - initiates and follows up on relevant signature procedures
 - needs to be contacted to provide a financial and regulatory check
- ✓ More tips & tricks, and information on IRO support available [online](#)

POST-AWARD PHASE: TIPS AND TRICKS

- Coordinator:
 - Ensure all partners in the project are on the same page – easier after a properly executed pre-award phase
 - Partner:
 - Pay attention to arrangements defined in Consortium/Partnership Agreements – Uncertainty linked to new Lump Sum Model may lead to diverging approaches
 - Coordinator and Partner:
 - Track progress of project implementation – identify potential issues as early as possible (in general or at level of Work Packages)
 - Ensure Work Packages are on track to be completed -> The payment depends on this
- Communicate (potential) issues to IRO via eu-educationprojects@ugent.be

POST-AWARD PHASE: IRO SUPPORT

– IRO:

- Organises an intake meeting when your project has been selected to walk you through procedures and rules
- Drafts Consortium/Partnership Agreement (if UGent coordinates)
- Reviews Consortium/Partnership Agreement (if UGent is partner)
- Initiates and follows up on relevant signature procedures
- Monitors financial flows
- Is available for advice on non-content related aspects

FURTHER READING

– Erasmus+

- [Erasmus+](#) webpage
 - [Programme Guide 2022](#) – New Programme Guide expected late November
 - [2023 Work Programme](#) Erasmus+
 - European Education and Culture Executive Agency ([EACEA](#))
 - [National Agencies](#) for Erasmus+
 - National Agency for Erasmus+ in the Flemish Community ([epos](#))
 - Funding and Tender Opportunities Portal ([FTOP](#))
 - Erasmus+ and European Solidarity Corps Platform ([EESCP](#))
 - Need inspiration?
 - [UGent Overview](#) of most relevant Erasmus+ Actions
 - [UGent List](#) of EU funded Education Projects
 - [Erasmus+ project results website](#)
 - UGent Tips, Tricks and IRO Support
 - [Pre-award](#)
 - [Post-award](#)
- Reach out to the IRO, via eu-educationprojects@ugent.be

– Horizon Europe

- [Lump Sum grants in Horizon Europe](#)

Q&A

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