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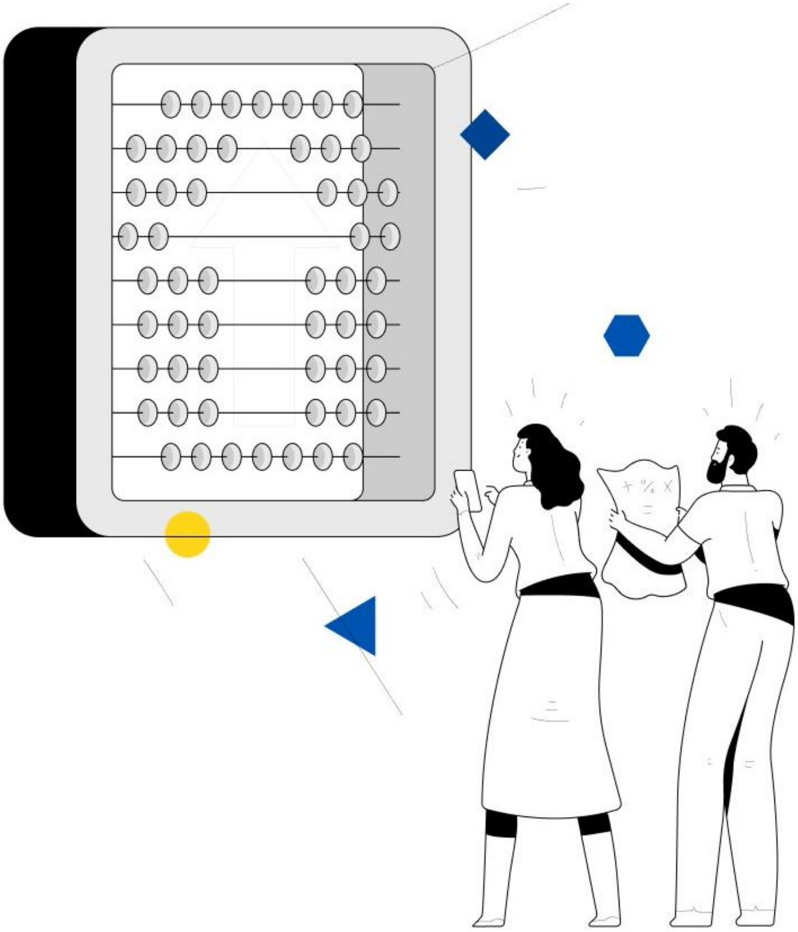
GUIDE FOR LUMP SUM IN HORIZON EUROPE



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GUIDE FOR LUMP SUM IN HORIZON EUROPE

SUMMARY

Horizon Europe uses lump sum funding to reduce administration and financial errors. Lump sums make the programme simpler by removing the need to report actual costs. Access to the programme becomes easier too, especially for small organisations and newcomers, who often lack the experience and capacity to cope with the complex rules for actual costs.

Lump sums are defined up-front and fixed in the grant agreement. They are paid out upon completion of the activities in work packages. Beyond that, the planning, evaluation, and execution of projects does not change much. In particular, the payment of lump sums does not depend on successful outcomes (which are never certain in research) and follows the standard payment schedule. Lump sum projects enjoy the same degree of flexibility as traditional actual cost projects, and their performance is judged by the same standards[1].

Lump sum grants are grants where the grant amount is fixed and will be paid out if the project is implemented as set out in the description of the action (DoA).

These types of grants are simpler in the implementation than the actual cost grants that are typically used in EU programmes, since they require less administration and no cost reporting.

The type of lump sum is specified in the text of the topic to which you are applying.

There are different types of lump sums:

- **Type 1: pre-fixed amount** (defined by general decision)
  - Type 1a: pre-fixed total for certain project types (meaning that the lump sum will be the same for all projects under a call)
  - Type 1b: pre-fixed building block amounts for certain activities (meaning that the lump sum will be based on the same amounts per activity, but may vary from project to project depending on the activities selected)

[1] EC, Directorate-General for Research and Innovation, Directorate H — Common Implementation Centre, Unit H.3 — Common Service for Business Processes, Lump sum grants in Horizon Europe – Why do we need them and how do they work in practice?, 1st edition, March 2022, ISBN 978-92-76-51482-4, https://op.europa.eu/ro/publication-detail/-/publication/cc123397-b6ea-11ec-b6f4-01aa75ed71a1

- **Type 2: project-based amount** (meaning that the lump sum will be based on the individual project budget proposed by the applicants, and thus be different for each project)[2].

LUMP SUM PROPOSALS

- Use the standard Horizon Europe proposal template. Address expected impacts and outcomes as in any Horizon proposal.
- No change in project design, except that work packages with a long duration (e.g., management, communication, dissemination and exploitation, etc.)[2] may be split along the reporting periods. In this way, the relevant activities can be paid at the end of the reporting period.

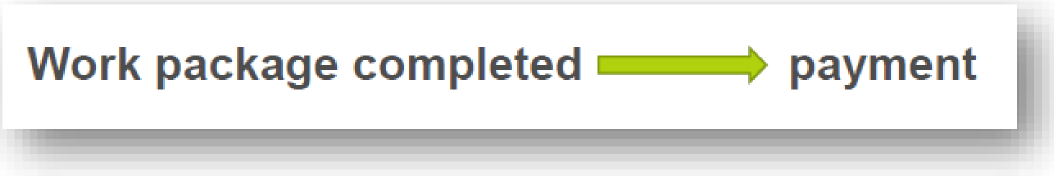


Figure 1. Lump sum payment

(Source: https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/guidance/ls-funding-what-do-i-need-to-know_he_en.pdf)

- You need to provide a detailed breakdown of cost estimates to define and justify the lump sum. The estimates must be an approximation of your actual costs and meet the eligibility criteria of Horizon Europe. These cost details are needed to plan the budget of any proposal, even when they are not part of the proposal. The additional effort to include this information in a lump sum proposal should therefore be limited[1].
- Lump sum proposals must contain a detailed budget table. The table automatically generates the breakdown of the lump sum per beneficiary and per work package. The detailed budget table is an Excel file (annex to proposal Part B). Applicants must download it from the online submission system[3].

[2] EC, EU Grants. How to manage your lump sum grants. Lump sum proposal submission, evaluation and grant management in EU programmes, Version 1.0, 15 October 2022, https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/how-to-manage-your-lump-sum-grants_en.pdf

[3] EC, THE EU RESEARCH & INNOVATION PROGRAMME 2021-2027, Lump Sum Funding: What Do I Need To Know?, A Guide for Participants, V2.0, 17 March 2022, https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/guidance/ls-funding-what-do-i-need-to-know_he_en.pdf

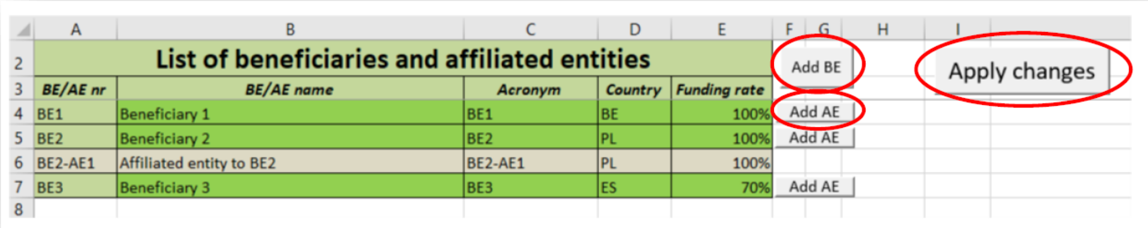


Figure 2. Fill in the beneficiaries list ('BE list' tab)

(Source: https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/guidance/ls-funding-what-do-i-need-to-know_he_en.pdf)

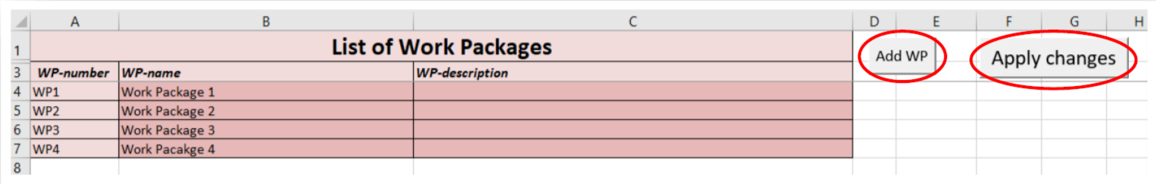
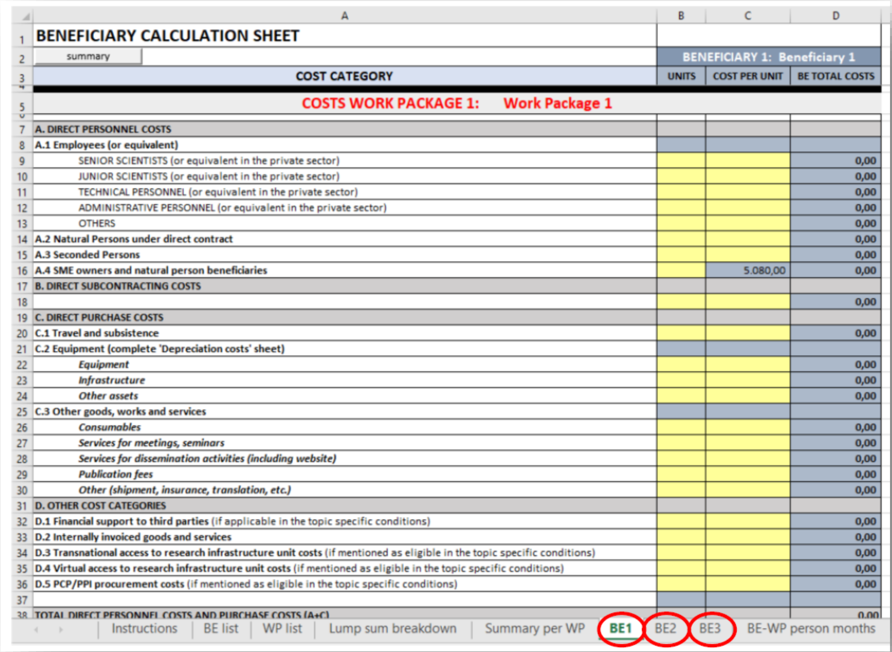


Figure 3. Fill in the work packages list ('WP list' tab)

(Source: https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/guidance/ls-funding-what-do-i-need-to-know_he_en.pdf)

- The dashboard for lump sum evaluations shows the average costs for personnel funded by Horizon Europe grants. This is an objective standard against which experts can assess the personnel costs included in a lump sum budget. Comparing the costs proposed with the costs in signed grants helps experts ensure that lump sum budgets are reasonable and non-excessive. The dashboard focusses on personnel costs because these costs count for the lion's share of the budget in research & innovation grants[4].

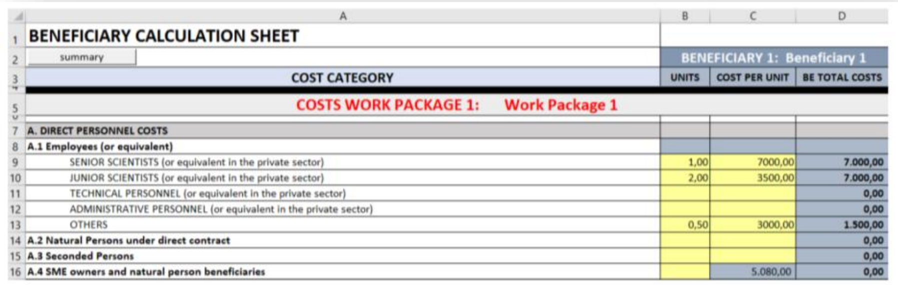
[4]EC, Horizon dashboard for lump sum evaluations, https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/programmes/horizon/lump-sum/dashboard



	A	B	C	D
1	BENEFICIARY CALCULATION SHEET			
2	summary	BENEFICIARY 1: Beneficiary 1		
3	COST CATEGORY	UNITS	COST PER UNIT	BE TOTAL COSTS
5	COSTS WORK PACKAGE 1: Work Package 1			
7	A. DIRECT PERSONNEL COSTS			
8	A.1 Employees (or equivalent)			
9	SENIOR SCIENTISTS (or equivalent in the private sector)			0,00
10	JUNIOR SCIENTISTS (or equivalent in the private sector)			0,00
11	TECHNICAL PERSONNEL (or equivalent in the private sector)			0,00
12	ADMINISTRATIVE PERSONNEL (or equivalent in the private sector)			0,00
13	OTHERS			0,00
14	A.2 Natural Persons under direct contract			0,00
15	A.3 Seconded Persons			0,00
16	A.4 SME owners and natural person beneficiaries		5.080,00	0,00
17	B. DIRECT SUBCONTRACTING COSTS			
18				0,00
19	C. DIRECT PURCHASE COSTS			
20	C.1 Travel and subsistence			0,00
21	C.2 Equipment (complete 'Depreciation costs' sheet)			
22	*Equipment*			0,00
23	*Infrastructure*			0,00
24	*Other assets*			0,00
25	C.3 Other goods, works and services			
26	*Consumables*			0,00
27	*Services for meetings, seminars*			0,00
28	*Services for dissemination activities (including website)*			0,00
29	*Publication fees*			0,00
30	*Other (shipment, insurance, translation, etc.)*			0,00
31	D. OTHER COST CATEGORIES			
32	D.1 Financial support to third parties (if applicable in the topic specific conditions)			0,00
33	D.2 Internally invoiced goods and services			0,00
34	D.3 Transnational access to research infrastructure unit costs (if mentioned as eligible in the topic specific conditions)			0,00
35	D.4 Virtual access to research infrastructure unit costs (if mentioned as eligible in the topic specific conditions)			0,00
36	D.5 PCP/PPI procurement costs (if mentioned as eligible in the topic specific conditions)			0,00
37				
38	TOTAL DIRECT PERSONNEL COSTS AND PURCHASE COSTS (A+C)			0,00

Figure 4. Fill in the individual beneficiary sheets ('BEx' tab)

(Source: https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/guidance/ls-funding-what-do-i-need-to-know_he_en.pdf)



	A	B	C	D
1	BENEFICIARY CALCULATION SHEET			
2	summary	BENEFICIARY 1: Beneficiary 1		
3	COST CATEGORY	UNITS	COST PER UNIT	BE TOTAL COSTS
5	COSTS WORK PACKAGE 1: Work Package 1			
7	A. DIRECT PERSONNEL COSTS			
8	A.1 Employees (or equivalent)			
9	SENIOR SCIENTISTS (or equivalent in the private sector)	1,00	7000,00	7.000,00
10	JUNIOR SCIENTISTS (or equivalent in the private sector)	2,00	3500,00	7.000,00
11	TECHNICAL PERSONNEL (or equivalent in the private sector)			0,00
12	ADMINISTRATIVE PERSONNEL (or equivalent in the private sector)			0,00
13	OTHERS	0,50	3000,00	1.500,00
14	A.2 Natural Persons under direct contract			0,00
15	A.3 Seconded Persons			0,00
16	A.4 SME owners and natural person beneficiaries		5.080,00	0,00

Figure 5. Fill in the individual beneficiary sheets – personnel costs

(Source: https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/guidance/ls-funding-what-do-i-need-to-know_he_en.pdf)

- The dashboard shows how many person months were funded at different costs in Horizon Europe so far. This information can be resolved by country and by organisation type, showing the regional and sectoral variation of personnel costs. For each combination of country and organisation type selected, the dashboard displays the distribution between the 20th percentile and the 80th percentile. The meaning of the

80th percentile is that 80% of the person months were funded at a rate below this value[4].

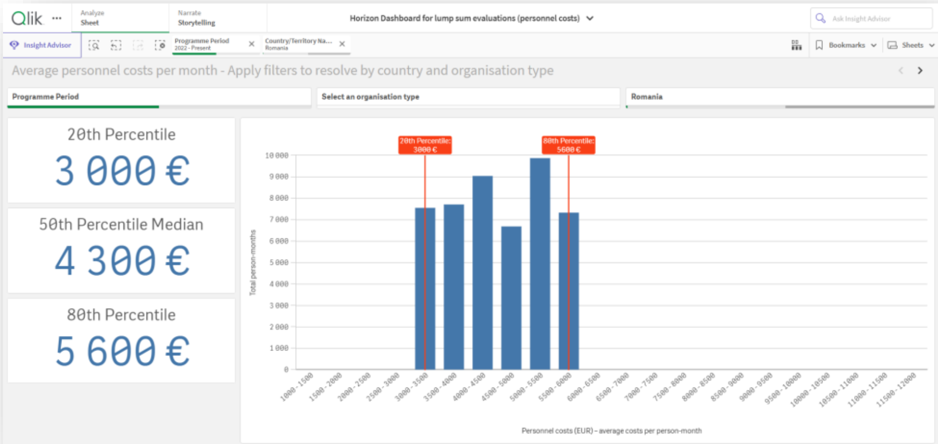


Figure 6. Average personnel costs - for lump sum budgets (Romania – Horizon Europe)

(Source: https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/programmes/horizon/lump-sum/dashboard)

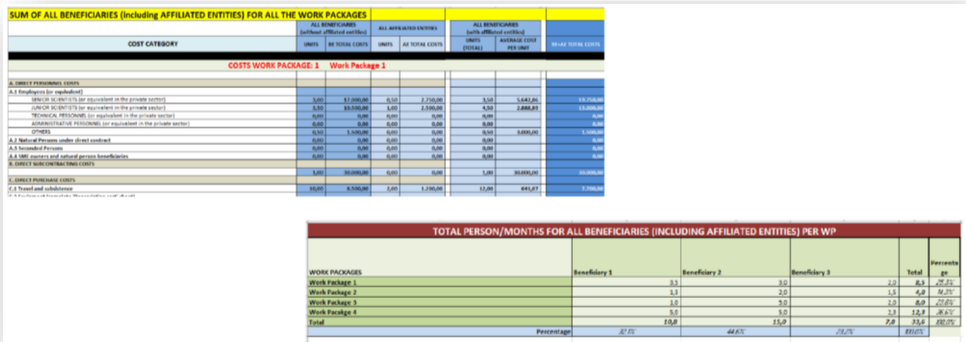


Figure 7. Summary tables

(Source: https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/guidance/ls-funding-what-do-i-need-to-know_he_en.pdf)

- Once you completed the detailed budget table, upload it in the online submission system, as annex to the part B template.

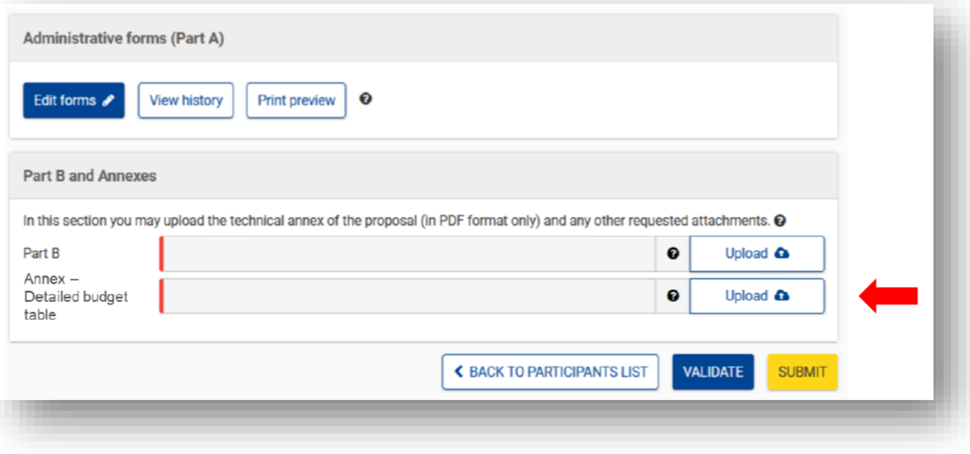


Figure 8. Uploading the Excel file

(Source: https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/guidance/ls-funding-what-do-i-need-to-know_he_en.pdf)

LUMP SUM EVALUATION

- We apply the standard evaluation criteria (excellence, impact, and implementation). The cost estimations are assessed against the proposed activities under the '**implementation**' criterion. This ensures the estimates are reasonable and non-excessive.
- If the evaluation experts find overestimated costs, this is recorded transparently in the Evaluation Summary Report. We will reflected this in a modified lump sum amount in the grant agreement.
- Once the lump sum amount is finalised after evaluation, the detailed cost estimates are no longer relevant. This information is used to generate automatically a simple breakdown of lump sum shares per work package and per participant.
- If your lump sum proposal is selected for funding, we follow the standard process to prepare the grant agreement. The 'no negotiation' principle applies. The overall lump sum is fixed in the grant agreement. The breakdown of lump sum shares (but not the cost estimates) is also included in the grant agreement.
- Once the lump sum is fixed in the grant agreement, it will not be questioned in case prices for goods or services change later on[1,4].

LUMP SUM GRANT MANAGEMENT

- The grant agreement for your project will be based on the Model Grant Agreement for Lump Sum Grants[5].

	WP1	WP2	WP3	WP4	WP5	WP6	WP7	WP8	Total
Beneficiary A	250.000			50.000	300.000	250.000		300.000	1.150.000
Beneficiary B		250.000	350.000	50.000			100.000	150.000	900.000
Beneficiary C	100.000	100.000		50.000		280.000			530.000
Beneficiary D		120.000		50.000			100.000	150.000	420.000
Total	350.000	470.000	350.000	200.000	300.000	530.000	200.000	600.000	**3.000.000**

Shares of the lump sum per beneficiary

Shares of the lump sum per WP

Figure 9. Budget allocation (annex 2 to the grant agreement – Art. 5.4 Lump sum MGA)

(Source: https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/guidance/ls-funding-what-do-i-need-to-know_he_en.pdf)

- Payments follow the standard schedule (i.e., a pre-financing and payments at the end of each reporting period).
- For reporting, use the standard template and tools. The reporting process for lump sum grants is described in the Funding & Tenders Portal IT How To section on Lump Sum Reporting[6].
- You have full flexibility on how the lump sum is used. Do not report actual costs and resources.
- At the end of a reporting period, declare which work packages have been completed. The technical report should justify this. The financial cost statements are generated automatically on this basis.

[5] EC, Model Grant Agreement Lump Sum Grants, Version 1.0, 01 March 2023, https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/agr-contr/ls-mga_en.pdf
[6] Funding & Tenders Portal IT How To, Section on Lump Sum Reporting, https://webgate.ec.europa.eu/funding-tenders-opportunities/pages/viewpage.action?pageId=8913115

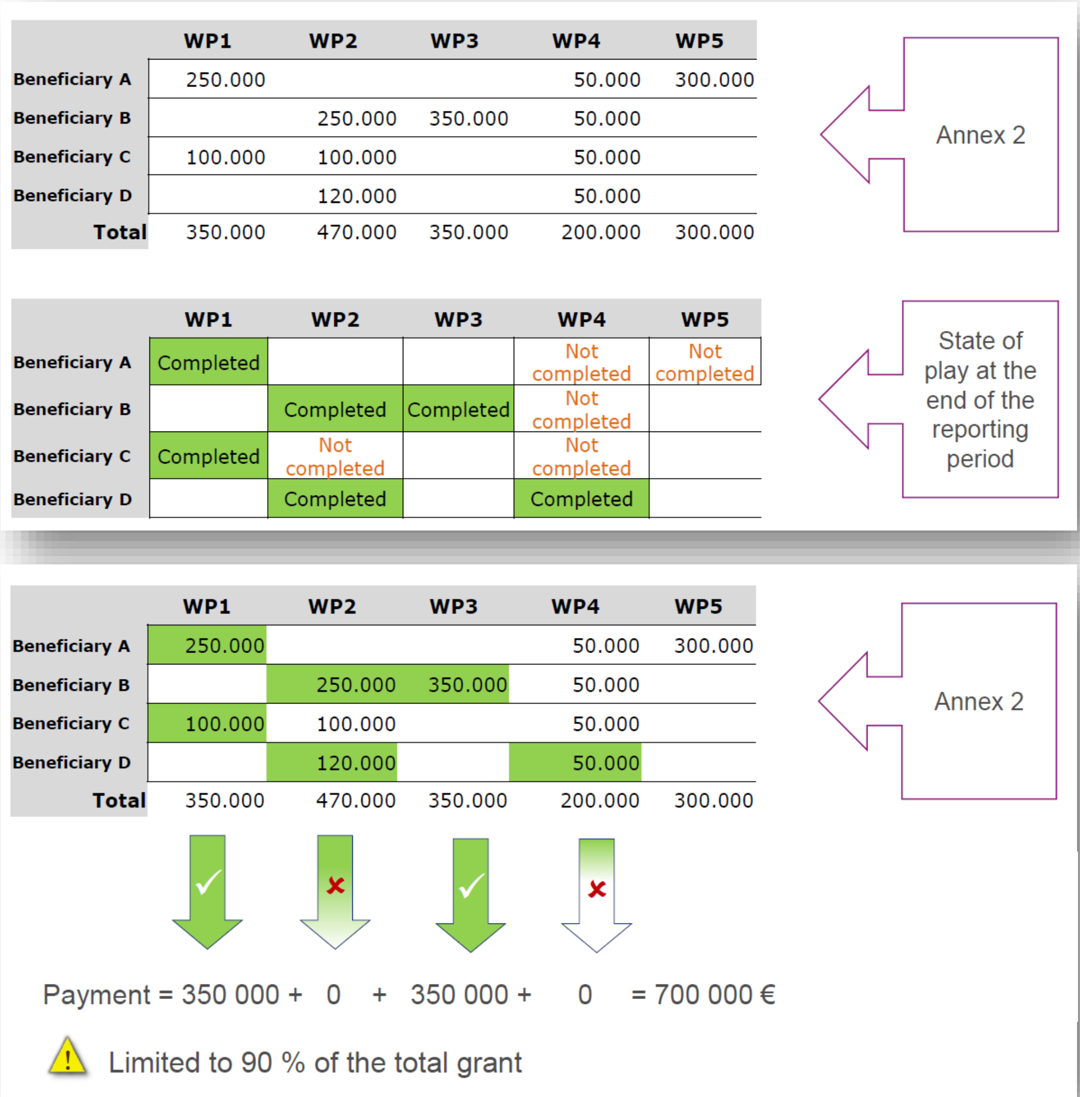


Figure 10. Lump sum reporting and payment (Art. 22.3.3 Lump sum MGA)

(Source: https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/guidance/ls-funding-what-do-i-need-to-know_he_en.pdf)

- Following confirmation by the project officer, the corresponding lump sum shares are paid.
- In case the project officer rejects a work package, you will not automatically lose the funding for the whole work package. Instead, you have time to complete the work package until the end of the project. Amending the work package can help you complete it. If a work package cannot be accepted at the end of the project, this will likely lead to a partial payment in line with the degree of completion, not a rejection of the full amount for that work package. The partial payment would be defined in a formal

grant reduction procedure, most likely with the help of external experts, and including a contradictory process where your views are heard. We expect such cases to remain quite rare[1].

FLEXIBILITY & ACCEPTANCE OF LUMP SUM WORK PACKAGES

- It is clear that projects often need to change the original work plan, especially if they run for several years. This applies to lump sum projects as much as to any project. Lump sum grants can be amended in the same way as all grants in order to adapt the work plan to the needs of the project, new scientific developments, or simply to organisational changes. The amendment procedure is essentially the same.
- Lump sum grants provide very high budget flexibility because the consortium can use the budget as they see fit as long as the project is implemented as agreed. The actual use of the lump sum is invisible to the Commission. Budget transfers between beneficiaries and/or between work packages require an amendment if the consortium wants to have these changes in the grant agreement.
- Deviations from the initial work plan are possible as in all Horizon Europe projects. Firstly, deviations can be reported in a dedicated section of the technical report. If duly justified, these deviations are accepted with the technical report. Secondly, the grant agreement can be amended to change the work plan, including all work packages that have not been completed and paid already. Both mechanisms can be used to adjust lump sum projects in line with new developments or according to scientific-technical needs. The key condition is, as for all grants, that the changes do not question the decision to fund the project.
- The project officer monitors lump sum projects in the same way as actual cost projects. There is no basis for and no intention to judge lump sum projects more strictly. Lump sum work packages are accepted and paid if their activities have been carried out, irrespective of a positive or negative outcome. Work packages can also be accepted and paid when some elements are missing (e.g., when all essential tasks have been completed, when equivalent tasks have been carried out, or when deviations have been justified). The level of flexibility and discretion is the same as for actual cost grants[1].

CHECKS & AUDITS

- As there is no financial reporting, there are no financial checks or audits. We do not impose any obligation to keep financial records in lump sum grants. It goes without saying that you still have to comply with record keeping obligations outside the grant agreement, e.g. under national law or internal procedures. For example, there are no more time-sheets, which universities and research organisations often criticise as a burden and not in line with their usual practices.
- Beyond this, the rules for checks, reviews, audits and investigations of lump sum grants are the same as for all grants.
- Controls can focus on the proper implementation of the work plan (of the activities) and on any non-financial obligation. This includes compliance with rules on intellectual property, ethics and integrity, visibility of EU funding, etc.
- You do not need any additional information or documentation for lump sum grants. What is needed to demonstrate proper implementation of a lump sum project is the same as for all Horizon Europe grants (e.g., for research activities, documentation required by good research practices such as lab books, technical documents, prototypes, publications, proceedings in conferences)[1].

TIPS FOR LUMP SUM BENEFICIARIES

- ✓ As project coordinator, provide partners with enough information about lump sum funding (e.g., links to webinars, presentations, FAQs, etc.). Familiarise them with the payment system (e.g., inform them that only completed work packages are reimbursed).
- ✓ Splitting long-lasting WPs along the reporting periods allows you to get paid for these WPs during the project (e.g., WPs for management, communication, and dissemination). You are free to make use of this option as you see fit.
- ✓ Before designing the budget of your lump sum proposal, assess the amount of work and other resources that each partner needs to contribute to each WP. This can serve as a basis for the consortium to agree on the distribution of funds.
- ✓ To estimate your budget, use costs from previous and similar projects. Data on personnel costs could be obtained from monthly salary rates normally applied in your organisation.
- ✓ As in any EU project, engage with the Project Officer early on to clear up the expectations about deliverables, communication and dissemination activities, and

reports to be submitted at the end of the reporting period(s). Respond in a timely and clear way to requests for clarification and possible changes. Do not hesitate to ask the Project Officer for clarifications at any point of the process.

- ✓ The consortium agreement for a lump sum project is similar to any other consortium agreement. The DESCA model consortium agreement might be used, but with adaptations of the provisions on finances, rights and obligations, performance indicators, and liability of partners to each other if work packages are not completed/not accepted. Include an internal reporting system to control project implementation.
- ✓ You can use the lump sum flexibly, in the best possible way for the project, because there is no reporting on actual costs[7],[8].

[7] EC, Best practices for lump sum grants, Feb. 2023, https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/ls-best-pracities.pdf
[8] https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/programmes/horizon/lump-sum

RESOURCES

1. Lump sum grants in Horizon Europe – Why do we need them and how do they work in practice?, 1st edition, March 2022, ISBN 978-92-76-51482-4

https://op.europa.eu/ro/publication-detail/-/publication/cc123397-b6ea-11ec-b6f4-01aa75ed71a1

2. How to manage your lump sum grants. Lump sum proposal submission, evaluation and grant management in EU programmes, Version 1.0, 15 October 2022

https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/how-to-manage-your-lump-sum-grants_en.pdf

3. Lump Sum Funding: What Do I Need To Know?, A Guide for Participants, V2.0, 17 March 2022

https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/guidance/ls-funding-what-do-i-need-to-know_he_en.pdf

4. EC, Horizon dashboard for lump sum evaluations

https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/programmes/horizon/lump-sum/dashboard

5. EC, Model Grant Agreement Lump Sum Grants, Version 1.0, 01 March 2023

https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/agr-contr/ls-mga_en.pdf

6. Funding & Tenders Portal IT How To, Section on Lump Sum Reporting

https://webgate.ec.europa.eu/funding-tenders-opportunities/pages/viewpage.action?pageId=8913115

7. Best practices for lump sum grants, Feb. 2023

https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/ls-best-pracities.pdf

8. Funding and Tenders Portal - Lump Sum

https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/programmes/horizon/lump-sum

9. Topics opened in HE with lump sum funding model

https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/programmes/horizon/lump-sum/opportunities

10. How to evaluate lump sum proposals: Get started

https://www.youtube.com/watch?v=VsSO_s1Ec84&list=PLvpwIjZTs-Lhwt-nnS4FYRaHwpmhkQ3Z5

11. Lump Sum Funding in Horizon Europe: How does it work? How to write a proposal? (19 October 2023)

https://www.youtube.com/watch?v=zKC1CRax8co&t=394s

12. NCP@UEFISCDI webpage, Information section

https://www.ncp.uefiscdi.ro/information

13. Lump Sum Funding in Horizon Europe: Quick overview of the main features, 18 June 2025

https://ec.europa.eu/research/participants/docs/h2020-funding-guide/other/event250618.htm