

# HORIZON EUROPE CLUSTER 5 REGIONAL INFO DAY: ENHANCING THE EU-CENTRAL ASIA RESEARCH COLLABORATION IN THE CLIMATE, ENERGY, AND MOBILITY FIELDS

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# How to estimate the person-month rate during proposal preparation



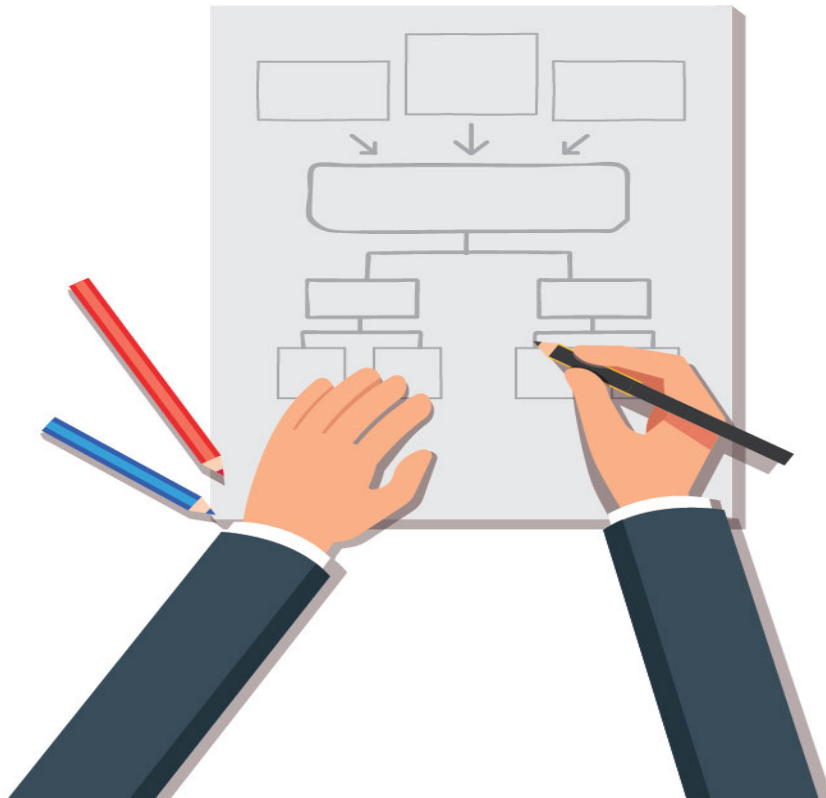
# How to budget a proposal?

**Calculate your costs on a realistic and reasonable basis, as you expect it to appear and to be eligible in the action.**

- ✓ Budget should be calculated according to the action needs
- ✓ Demonstrates a clear vision of objectives and tasks in an action
- ✓ Minimises potential changes during the runtime of an action

**Appropriate budget estimation and distribution is part of the evaluation!**

# Plan



# Reality



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➤ A major part of the budget is dedicated to personnel costs !



➤ Methodology not defined by the EC. Each entity can have its own method.



➤ When you estimate personnel costs. Try to be as accurate & realistic as you can be !



➤ Consider that you are doing **an estimation that can be adjusted – partially modify during the project implementation!!**



## ➤ STEP 1: IDENTIFY PROJECT TEAM



Identify people involved Check the employer of the persons Identify needs in terms of recruited people



## ➤ STEP 2: FOR EACH PERSON INVOLVED IDENTIFY TIME REQUIRED TO IMPLEMENT THE PROJECT



Calculate involvement of people in terms of Person-month (PM)



## ➤ STEP 3: CALCULATE PM COSTS FOR EACH PERSON INVOLVED



On the basis of employer's cost & usual practices of the entity

**1 PM is the time that a person will work full-time in a company for a month**

Personnel Type	Monthly employer's cost	Person-Month	Total
Researcher XY	7 000 €	10	70 000 €
Technician XY	2 800 €	5	14 000 €
Project manager	3 600 €	36	129 600 €
Post doc	4 000 €	24	96 000 €
<b>total</b>			<b>309 600 €</b>

You can also make an average of the Project Team cost:  $7,000+2,800+3,600+4,000 / 4 = 4350$

**1 PM = 4350**

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# How to estimate person-month efforts





1 – **Regular employees** having a monthly salary and have a regular employment contract.

2 – **External employees** like freelancers that work in your organisation under a contract but are not regular employees. These are called “Costs for natural persons working under a direct contract”.

3 – **External employees paid by another organisation**

Do you know this framework agreements between a service provider and your company? It could work too. Technically speaking we are talking of “Costs of personnel seconded by a third party against payment”



A successful budget will meet the expectations of its evaluators and prove that the budget and its funding are in line with the project objectives and goals.



Correct questions: How many PMs I need to do my tasks in the project?



*E.g. 6 PMs to do research + 2 PMs to organize a Workshop + 1 PM for Communication activities = 9 PMs in total 9 PMs X 4350 Euro = 39.150 Euro*

A strong budget proves that you'll be able to effectively and efficiently manage funding in a way that successfully accomplishes the project goals.

You'll need to demonstrate to European Commission that **you'll be able to stay on target** and follow through with your objectives; **basically that your budget is in line with the tasks describe.**

The best way to do this is to make sure that costs are reasonable, transparent, allowable, and **related to the research proposal**

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# Common mistakes to avoid in financial reporting



The usual mistake in budget building includes overestimating the amounts of the PM. If you have high positions working in the project but with a very heavy load across different projects they will not have room for more, and those tasks will be for sure covered by “cheaper” profiles.

Don't increase the PM rate if you don't have that resources to justify. At the end, you can justify 5000€ with 1PM or with 2PMs at 2.500€ each and the math will work. Nevertheless, you will need to explain why you used a double effort in your execution than originally planned, and this is no longer about the math working

**Claiming Ineligible Costs.** Including costs that are not eligible under Horizon Europe rules, such as non-project-related expenses, excessive travel, or unapproved subcontracting.

**Poor timekeeping and lack of documentation.** Failing to maintain reliable records of expenses

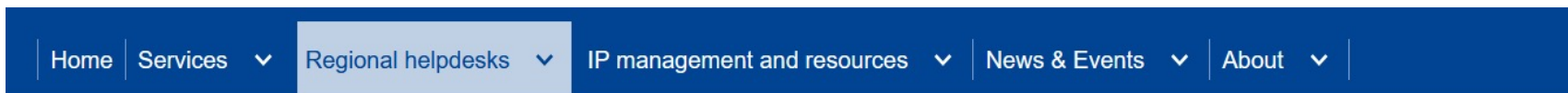
**Lack of Adequate Procurement Procedures.** Failing to follow proper procurement rules when purchasing goods or services, especially for large purchases.

# Intellectual property rights (IPR) protection in Horizon Europe projects — key considerations for newcomers



# Intellectual Property Guide – by IPR Helpdesk

[https://intellectual-property-helpdesk.ec.europa.eu/regional-helpdesks/european-ip-helpdesk/ip-guides\\_en](https://intellectual-property-helpdesk.ec.europa.eu/regional-helpdesks/european-ip-helpdesk/ip-guides_en)



European Commission > IP Helpdesk > Regional helpdesks > European IP Helpdesk > IP guides

## IP guides

Our IP Guides provide you with comprehensive overviews on specific fields of intellectual property rights (IPR) and IP management, including practical tips and further resources.



### Your Guide to Intellectual Property Management in Horizon Europe

This guide aims to spotlight critical aspects and novelties related to Intellectual Property (IP) management in the context of collaborative research and innovation projects funded under the European Union's current Framework Programme for Research and Innovation "Horizon Europe" (2021-2027). It does not claim to be exhaustive. The IP rules of Horizon Europe are built to a large extent on the regulations established by the previous Framework Programme "Horizon 2020". Consequently, there are only a few novelties and strategic shifts concerning IP management and its role in the exploitation and valorisation of research results. Therefore, this guide complements the existing guide "Your Guide to IP in Horizon 2020".

[Download](#)



All results which are generated under the project – whether or not protectable. Such results may include copyright, design or patent rights, trademarks or others, and **belong to the partners who have generated them**

For the management of IP, each **Horizon Europe beneficiary shall use its best efforts to exploit the results it owns**, or to have them exploited by another legal entity, in particular through the transfer and licensing of results. Beneficiaries are thus required to adequately protect their results – if possible and justified – taking account of possible prospects for commercial exploitation and any other legitimate interest.. This calls for clarity as to results ownership. Until Horizon Europe, lack of clarity has been an obstacle that has prevented certain results from being exploitable.

New elements concerning IP strategy for projects, within the terms of Article 39 of the Horizon Europe legislation, include: **Mandatory Results Ownership List (ROL)**

Beneficiaries must now provide information on the owner(s) of the results (results ownership list) in the reporting. **This includes whether the ownership is single or joint, the name of the owner(s), the country of establishment of the owner(s) and whether the results will be exploited by the owner(s).** Failure to do so will block both the submission of the final periodic report and the final payment. Horizon Europe has a specific objective: strengthen the exploitation of research results

Collaborative projects bring together partners with different company cultures, business mindsets, interests, and strategic objectives

Different partners also bring different background knowledge and IP for use during the project and, if needed for commercial exploitation, after the project ends under agreed terms and conditions. Results from collaborative projects are often built on the combined knowledge of several partners, so are jointly created and jointly owned; therefore, it is important for the partners to agree on appropriate and shared strategies for their management, protection, and exploitation

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# The role of LEARs and important legal issues to be aware of



Validated organisations have a **Legal Entity Appointed Representative (LEAR)** nominated by the legal representative of the organisation and assigned in the system by the Commission.

The LEAR can assign and revoke "Account Administrators" as well as "Legal Signatories" (LSIGNs) and "Financial Signatories" (FSIGNs). For organisations that were not yet validated, only the person having registered the organisation (the "self-registrant") has access. In this stage, no other access can be granted.

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# Eligible Costs & Funding Rates



# Eligibility for Funding – General Rules

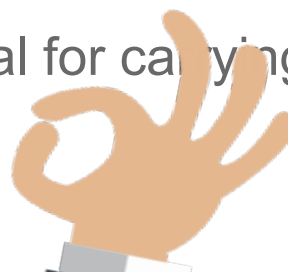
## Eligible for funding are legal entities established in:

- Member States
- Associated Countries
- Countries listed in Annex 1 of the Work Programme  
([https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/list-3rd-country-participation\\_horizon-euratom\\_en.pdf](https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/list-3rd-country-participation_horizon-euratom_en.pdf))



## Legal entities established in other Countries may be funded when:

- Agreement exists between 2 funding bodies
- Provision made in the call text
- Commission deems participation essential for carrying out the action



Participants from non-associated non-EU countries can take part in Horizon Europe actions — but not always with funding.

Participants from the following low- to middle-income countries are automatically eligible for funding





# What funding rate applies?

**100% (RIA, CSA, ERC) or 70 % (IA) funding rate for**

1. Actual costs, directly linked to the implementation of the action
2. Flat-rate for indirect costs/overhead costs

Marie Skłodowska Curie Actions

3. Fixed Unit cost rates cover researcher costs and institutional costs



## Direct costs are eligible if...

- **Actually** incurred by the beneficiary during the life of the action (with a few exceptions)
- Indicated in the estimated **budget**
- In **connection** with the action as described in the action description and necessary for its implementation
- **Identifiable** and verifiable, in particular recorded in the beneficiary's accounts
- In compliance with applicable **national law** on taxes, labour and social security
- **Reasonable**, justified and must comply with the principle of sound financial management
- **Evaluators will approve the necessity for the activity and the related costs**

# Horizon Europe – Model Grant Agreement (Annex 2): cost categories



## A. PERSONNEL COSTS

- **A.1** Employees
- **A.2** Natural persons under direct contract
- **A.3** Seconded persons
- **A.4** SME owners and natural person beneficiaries



## B. SUBCONTRACTING COSTS



## C. PURCHASE COSTS

- **C.1** Travel and subsistence
- **C.2** Equipment
- **C.3** Other goods, works and services



## D. OTHER COST CATEGORIES (If allowed by the call)

- **D.1** Financial support to third parties
- **D.2** Internally invoiced goods and services
- **[D.3 Transnational access to research infrastructure unit costs]**
- **[D.4 Virtual access to research infrastructure unit costs]**
- **[D.5 PCP/PPI procurement cost]**
- **[D.6 Euratom Cofund staff mobility costs]**
- **[D.7 ERC additional funding]**
- **[D.8 ERC additional funding (subcontracting, FSTP and internally invoiced goods and services)]**



## E. INDIRECT COSTS



Horizon Europe (HORIZON)

Programming period

2021-2027



Horizon Europe (HORIZON)



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HE General MGA v1.0



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# Direct costs

= directly linked to the implementation of the action

Examples:

- ✓ Personnel costs
- ✓ Subcontracting
- ✓ Purchase costs (Travel, equipment, other goods, works and services)
- ✓ Other cost categories



# Indirect costs

= not directly linked to the action

Examples:

- ✓ Rents, electricity, heating, office equipment, furniture, phone costs, postage, printing and copy costs, administrative costs
- ✓ **Paid as a 25% as flat rate of the direct eligible costs** (except e.g. subcontracts!)



# Lump sum funding

## Lump sum funding is getting more common in Horizon Europe!

- Simplification: costs to be calculated at proposal stage, **but no reporting of actual costs and resources during project implementation.**
- Reporting focuses on implementation of the action, of Work-Packages, etc.

## How to know if a Horizon Europe topic is using lump sum funding?

- When a topic under Horizon Europe makes use of lump sum funding, this is specified in the "specific conditions" of the topic in the work programme, under "Legal and financial set-up of the Grant".

## Lump sum funding web-page:

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

# Why does the EC use lump sum funding?

## Reducing the financial error rate

- Following the ECA annual reports 2019 and 2020, there is wide agreement that the error rate in the R&I Framework Programmes must be reduced
- Lump sums are a key measure to achieve this in Horizon Europe

## Significant simplification potential

- Funding based on reimbursement of real costs remains complex and error-prone. Little scope for further simplification
- Lump sums remove the obligation to report actual costs and resources
- Easier to use for beneficiaries with limited experience

## Focus on content

- Focus less on financial management and more on content



# Project-based remuneration at a glance



## 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** ('**national projects daily rate**')



## METHODOLOGY?

- ❖ **Compare**

Action daily rate

National Projects  
daily rate \*

- ❖ Take **the lower of the two.**

### \* Usually based on:

- *either regulatory requirements (such as national law or collective labour agreements)*
- *or your written internal remuneration rules*



# Thank you!

## # HorizonEU

<http://ec.europa.eu/horizon-europe>



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