

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**  
**establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination**

ARTICLE	EUROPEAN COMMISSION PROPOSAL	AMENDMENT	RATIONALE
Article 9: Budget	<p>1. The financial envelope for the implementation of the Framework Programme for the period 2021 – 2027 shall be EUR 94 100 000 000 in current prices for the specific programme referred to in Article 1(3)(a) and, in addition, the amount for the specific programme referred to in Article 1(3)(b), as laid down in Regulation... establishing the European Defence Fund.</p> <p>2. The indicative distribution of the amount referred to in paragraph 1, first half sentence, shall be:</p> <p>(a) EUR 25 800 000 000 for Pillar I 'Open Science' for the period 2021-2027, of which</p> <p>(1) EUR 16 600 000 000 for the European Research Council;</p> <p>(2) EUR 6 800 000 000 for Marie Skłodowska-Curie Actions;</p> <p>(3) EUR 2 400 000 000 for research infrastructures;</p> <p>(b) EUR 52 700 000 000 for Pillar II 'Global Challenges and Industrial Competitiveness' for the period 2021-2027, of which</p> <p>(1) EUR 7 700 000 000 for cluster 'Health';</p> <p>(2) EUR 2 800 000 000 for cluster 'Inclusive and Secure Society';</p>	<p>1. The financial envelope for the implementation of the Framework Programme for the period 2021 – 2027 shall be EUR <b>154</b> 100 000 000 in current prices for the specific programme referred to in Article 1(3)(a) and, in addition, the amount for the specific programme referred to in Article 1(3)(b), as laid down in Regulation... establishing the European Defence Fund.</p> <p>2. The indicative distribution of the amount referred to in paragraph 1, first half sentence, shall be:</p> <p>(a) EUR <b>42 251</b> 000 000 for Pillar I 'Open Science' for the period 2021-2027, of Which</p> <p>(1) EUR <b>27 184</b> 000 000 for the European Research Council;</p> <p>(2) EUR <b>11 136</b> 000 000 for Marie Skłodowska-Curie Actions;</p> <p>(3) EUR <b>3 930</b> 000 000 for research infrastructures;</p> <p>b) EUR <b>86 303</b> 000 000 for Pillar II 'Global Challenges and Industrial</p>	<p>To match the ambitions set forth for the Horizon Europe programme, the overall funding of the programme has to be doubled compared to Horizon 2020, reaching 160 billion Euros.</p> <p>Any budget failing to reach this amount should lead to prioritisation of pillar 1 actions (European Research Council, Marie Skłodowska-Curie Actions, Research Infrastructures) and to a rebalancing among clusters in pillar 2.</p>

	<p>(3) EUR 15 000 000 000 for cluster 'Digital and Industry';</p> <p>(4) EUR 15 000 000 000 for cluster 'Climate, Energy and Mobility';</p> <p>(5) EUR 10 000 000 000 for cluster 'Food and Natural Resources';</p> <p>(6) EUR 2 200 000 000 for the non-nuclear direct actions of the Joint Research Centre (JRC);</p> <p>(c) EUR 13 500 000 000 for Pillar III 'Open Innovation' for the period 2021-2027, of which</p> <p>(1) EUR 10 500 000 000 for the European Innovation Council, including up to EUR 500 000 000 for European Innovation Ecosystems;</p> <p>(2) EUR 3 000 000 000 for the European Institute of Innovation and Technology (EIT);</p> <p>(d) EUR 2 100 000 000 for Part 'Strengthening the European Research Area' for the period 2021-2027, of which</p> <p>(1) EUR 1 700 000 000 for 'sharing excellence';</p> <p>(2) EUR 400 000 000 for 'reforming and enhancing the European R&amp;I System'.</p> <p>3. In order to respond to unforeseen situations or to new developments and needs, the Commission may, within the annual budgetary procedure, deviate from the amounts referred to in paragraph 2 up to a maximum of 10%. No such deviation shall be allowed in respect of the amounts referred to in points (b) (6) of paragraph 2 of this Article</p>	<p>Competitiveness' for the period 2021-2027, of which</p> <p>(1) EUR <b>12 610</b> 000 000 for cluster 'Health';</p> <p>(2) EUR <b>4 585</b> 000 000 for cluster 'Inclusive and Secure Society';</p> <p>(3) EUR <b>24 564</b> 000 000 for cluster 'Digital and Industry';</p> <p>(4) EUR <b>24 564</b> 000 000 for cluster 'Climate, Energy and Mobility';</p> <p>(5) EUR <b>16 376</b> 000 000 for cluster 'Food and Natural Resources';</p> <p>(6) EUR <b>3 603</b> 000 000 for the non-nuclear direct actions of the Joint Research Centre (JRC);</p> <p>(c) EUR <b>22 108</b> 000 000 for Pillar III 'Open Innovation' for the period 2021-2027, of which</p> <p>(1) EUR <b>17 195</b> 000 000 for the European Innovation Council, including up to EUR <b>819</b> 000 000 for European Innovation Ecosystems;</p> <p>(2) EUR <b>4 913</b> 000 000 for the European Institute of Innovation and Technology (EIT);</p> <p>(d) EUR <b>3 439</b> 000 000 for Part 'Strengthening the European Research Area' for the period 2021-2027, of which</p>	
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	<p>and the total amount set out for Part 'Strengthening the European Research Area' of paragraph 2 of this Article.</p> <p>4. The amount referred to in paragraph 1, first half sentence, may also cover expenses for preparation, monitoring, control, audit, evaluation and other activities and expenditures necessary for managing and implementing the Programme, including all administrative expenditure, as well as evaluating the achievement of its objectives. It may moreover cover expenses relating to the studies, meetings of experts, information and communication actions, in so far as they are related to the objectives of the Programme, as well as expenses linked to information technology networks focusing on information processing and exchange, including corporate information technology tools and other technical and administrative assistance needed in connection with the management of the Programme.</p> <p>5. If necessary, appropriations may be entered in the budget beyond 2027 to cover the expenses provided for in paragraph 4, to enable the management of actions not completed by 31 December 2027.</p> <p>6. Budgetary commitments for actions extending over more than one financial year</p>	<p>(1) EUR <b>2 784 000 000</b> for 'sharing excellence';</p> <p>(2) EUR <b>655 000 000</b> for 'reforming and enhancing the European R&amp;I System'.</p> <p>3. In order to respond to unforeseen situations or to new developments and needs, the Commission may, within the annual budgetary procedure, deviate from the amounts referred to in paragraph 2 up to a maximum of 10%. No such deviation shall be allowed in respect of the amounts referred to in points <b>(a)</b>, <b>(b)</b> (6) of paragraph 2 of this Article and the total amount set out for Part 'Strengthening the European Research Area' of paragraph 2 of this Article.</p>	<p>Considering the essential nature of pillar 1 in nurturing the research and innovation chain, an exemption is added for pillar 1 with respect to budget deviation possibilities. By limiting budget shifts to pillars 2 and 3, the programme will be sufficiently responsive to fast-paced societal, political and scientific developments. In general, use of this article should be cautious and strictly limited to emerging large-scale crises, especially of humanitarian or epidemiological nature.</p>
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	<p>may be broken down over several years into annual instalments.</p> <p>7. Without prejudice to the Financial Regulation, expenditure for actions resulting from projects included in the first work programme may be eligible as from 1 January 2021.</p> <p>8. Resources allocated to Member States under shared management and transferrable in accordance with Article 21 of Regulation (EU) XX [...Common Provisions Regulation] may, at their request, be transferred to the Programme. The Commission shall implement those resources directly in accordance with point (a) of Article 62(1) of the Financial Regulation or indirectly in accordance with point (c) of that Article. Where possible, those resources shall be used for the benefit of the Member State concerned.</p> <p>9. Horizon Europe is designed to be implemented in synergy with other Union funding programmes. A non-exhaustive list of synergies with other Union funding programmes is included in Annex IV.</p>		<p>The overall objective of simplification should guide the approach towards synergies</p>
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<p>Article 30: Funding rates</p>	<p>1. A single funding rate per action shall apply for all activities it funds. The maximum rate shall be fixed in the work programme.</p> <p>2. The Programme may reimburse up to 100 % of total eligible costs of an action, except for:</p> <p>(a) innovation actions: up to 70 % of the total eligible costs, except for non-profit legal entities where the Programme may reimburse up to 100 % of the total eligible costs;</p> <p>(b) programme co-fund actions: at least 30 % of the total eligible costs, and in identified and duly justified cases up to 70 %.</p> <p>3. The funding rates determined in this Article shall also apply for actions where flat rate, unit or lump sum financing is fixed for the whole or part of the action.</p>	<p>1. A single funding rate per action shall apply for all activities it funds. The maximum rate shall be fixed in the work programme.</p> <p>2. The Programme may reimburse up to 100 % of total eligible costs of an action, except for:</p> <p>(a) innovation actions: up to 70 % of the total eligible costs, except for non-profit legal entities where the Programme may reimburse up to 100 % of the total eligible costs;</p> <p>(b) programme co-fund actions: at least 30 % of the total eligible costs, and in identified and duly justified cases up to 70 %.</p>	<p>Flat-rate financing is defined in Article 125 of the Financial Regulation as covering “specific categories of eligible costs, which are clearly identified in advance, by applying a percentage”. Therefore, in practice, the provision in paragraph 3 is redundant.</p> <p>The funding rates should also apply in cases where the usual cost accounting practices of the beneficiary are accepted (see amendment proposing a new article 32).</p>

		3. The funding rates determined in this Article shall also apply for actions where <del>flat rate</del> , unit or lump sum financing is fixed for the whole or part of the action, <b>or where usual cost accounting practices of the beneficiary are accepted according to Article 32.</b>	
Article 31: Indirect costs	<p>1. Indirect eligible costs shall be determined by applying a flat rate of 25 % of the total direct eligible costs, excluding direct eligible costs for subcontracting, financial support to third parties and any unit costs or lump sums which include indirect costs.</p> <p>Where appropriate, indirect costs included in unit costs or lump sums shall be calculated using the flat rate set out in paragraph 1, except for unit costs for internally invoiced goods and services which shall be calculated on the basis of actual costs, in accordance with the beneficiaries' usual costs accounting practices.</p> <p>However, if provided for in the work programme, indirect costs may be declared in the form of a lump sum or unit costs.</p>	<p>1. Indirect eligible costs shall be determined by applying a flat rate of 25% of the total direct eligible costs, excluding direct eligible costs for subcontracting, financial support to third parties and any unit costs or lump sums which include indirect costs. Where appropriate, indirect costs included in unit costs or lump sums shall be calculated using the flat rate, except for unit costs for internally invoiced goods and services which shall be calculated on the basis of actual costs, in accordance with the beneficiaries' usual cost accounting practices.</p> <p>2. However, if provided for in the work programme, indirect costs may be declared in the form of a lump sum or unit costs.</p> <p>3. <b>Indirect eligible costs may also be determined in line with the beneficiaries' usual cost accounting practices, according to the criteria set out in Article 185 of the Financial Regulation.</b></p>	In line with the proposed amendment for Article 30 and the proposed new Article 32, this amendment clarifies and implements the spirit of the provisions of the Financial Regulation and of the Horizon Europe Regulation towards a broader acceptance of usual cost accounting practices of beneficiaries.

<p>ADDITION New article 32</p>		<p><b>New article 32 Acceptance of the beneficiaries' usual cost accounting practices</b></p> <ol style="list-style-type: none"> <li><b>1. According to Article 185 of the Financial Regulation a beneficiary may request an authorisation to use its methodology to calculate costs.</b></li> <li><b>2. National authorities that accepted a national methodology to calculate costs under comparable funding schemes according to article 185 (3) of the Financial Regulation may request an authorisation to use this accepted national. The decision shall apply to all beneficiaries entitled by the national authorities to use this methodology.</b></li> <li><b>3. The authorisation decision shall take account of the eligibility of costs as specified in Article 186(3) of the Financial Regulation.</b></li> <li><b>4. The authorisation decision referred to in paragraphs 1 and 2 shall be applicable for the duration of the Horizon Europe programme.</b></li> </ol>	<p>With this proposed new Article 32, a procedure is outlined for beneficiaries to certify their methodology to calculate costs. It aims to overcome difficulties that hampered the certification process proposed under FP7 by:</p> <ul style="list-style-type: none"> <li>- Specifying a maximum delay to deliver the authorisation decision</li> <li>- Implementing an appeal procedure</li> <li>- Allowing beneficiaries such as national authorities to apply for a certification of a nationally-accepted methodology to calculate costs, thereby creating large-scale efficiencies</li> <li>- Creating synergies with the Financial Regulation</li> </ul> <p>Efficiently limiting the administrative burden on beneficiaries and on the Commission by lifting ex-post control requirements on beneficiaries that have received the certification.</p>

		<ol style="list-style-type: none"><li>5. The authorisation decision shall be communicated no later than three months after the date of receipt of the request.</li><li>6. An applicant that applied for an authorisation decision may request a review procedure if it considers that the applicable authorisation procedure has not been duly applied.</li><li>7. The certification of national or institutional methodology shall provide the basis for waving ex-post controls.</li></ol>	
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