

POLICY INPUT

Horizon Europe implementation: EUA calls for an efficient and flexible Model Grant Agreement

November 2019

Following a political agreement on large parts of Horizon Europe legislation, the European Commission, together with member states and relevant stakeholders, launched a co-creation process to prepare the implementation strategy for Horizon Europe. This implementation strategy is expected to set out how the new EU Framework Programme will be managed.

The Commission has made a big effort to further simplify the Framework Programme, with the support of all relevant stakeholders. Significant progress has been achieved on many fronts. Nevertheless, as shown by the Horizon 2020 audits results, complexity and unclarity of rules are still a source for errors in cost reporting, particularly, personnel costs, subcontracting and other direct costs.

For beneficiaries, the stakes of participation are high considering substantial risks of system errors and possible large-scale adjustments in favour of the EU budget. EUA has advocated on various occasions for the full acceptance of national and institutional accounting practices, which would help mitigate such risks by closing the gap between national rules and requirements and complex EU funding rules.

The discussion on the new Model Grant Agreement is fundamental to the effective and smooth implementation of Horizon Europe. Not only does the Model Grant Agreement serve as the key contractual document between all parties, it is also the central user guide, which – in its annotated version – helps beneficiaries fully understand and better interpret the programme rules.

To provide input into this process, EUA has consulted its expert group on simplification composed of senior managers representing various higher education institutions across Europe. Based on this feedback, EUA is advocating for three major principles that should guide the work of the Commission and the member states on the new Model Grant Agreement, with the ultimate goal of mitigating the complexity of the rules and to ensure major simplification:

- **Continuity** with the existing best practice rules for participation, capitalising on beneficiaries' prior knowledge of such rules and building on prior simplification progress;
- **Consistency** in the robust implementation of all legally foreseen provisions for a more impactful simplification, especially those securing a broader acceptance of national and institutional accounting practices throughout the Framework Programme;
- **Variety** of alternative funding, reporting and auditing models that can be selected by beneficiaries according to their specific interests and situations.

In this spirit, EUA puts forward the following recommendations on several aspects of the new Model Grant Agreement:

STREAMLINING VARIOUS MODEL GRANT AGREEMENTS

- Move towards a new “corporate Model Grant Agreement”, serving the needs of different EU programmes and aligning their rules, while ensuring that it fully respects the specific requirements of the research-focused Horizon Europe.
- Center the corporate Model Grant Agreement on the Framework Programme’s best practice rules and procedures that have benefitted from the long-standing simplification process.
- Ensure that the new Model Grant Agreement retains its comprehensiveness, usability and readability for beneficiaries, and the agility to make changes in response to the rapid developments in the research and innovation field.
- Explore other impactful ways of aligning rules across various programmes, such as the acceptance of beneficiaries’ national and institutional accounting practices in all programmes.

COST ACCOUNTING

- Accept institutional approaches to calculating personnel costs according to beneficiaries’ national funding rules and national audit regulations; or alternatively
- Retain hourly rates as a standard calculation method, which is most familiar to beneficiaries (researchers, research administrators and accountants) who have established sophisticated time management systems on an hourly basis, as well as for auditors. This method also offers more flexibility for accounting for daily work on several projects.
- Provide other options for calculating personnel costs, so that beneficiaries can select the most appropriate method in line with their national and institutional accounting practices.
- Accept institutional approaches to, definitions of and contractual practices for staff, including both employees and in-house consultants (“natural persons working under a direct contract”), as opposed to subcontractors, or alternatively provide sufficient guidance on the employment conditions of in-house consultants.
- Further simplify the calculation of costs for internally invoiced goods and services as well as equipment costs to ensure all related costs can be fully recovered by beneficiaries.

PROPOSAL TEMPLATE

- Further simplify the proposal and reduce its maximum length by reducing duplicate information requested for different parts of the template and the accompanying administrative forms.

FURTHER INFORMATION

EUA has been an active contributor to the EU discussion on the new funding rules and principles, consolidating and feeding the position of its members on the key issues of the Framework Programme’s simplification, such as cost accounting, cost coverage, reporting and control. For more details, see the following recent policy inputs:

- [EUA Member Consultation 2017-2018. Impactful Simplification of the EU Framework Programme for Research and Innovation, May 2018](#)
- [Accepting University Accounting Practices under Horizon Europe - Strategic and practical recommendations, September 2018](#)
- [Achieving high-quality audit in European research, August 2019](#)