

# The European Research Council

Lump Sum funding in Horizon Europe in the  
ERC context

Laurence Moreau, Director  
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**European Research Council**

Established by the European Commission

# Why do we use lump sum funding?

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## 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 Science

- Focus less on financial management and more on science



# Common understanding of lump sum funding needed

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## **We are aware of concerns:**

Higher financial risk; possible negative side effects (fewer newcomers, less ambitious proposals); less flexibility in grant management

## **We are aware of misunderstandings:**

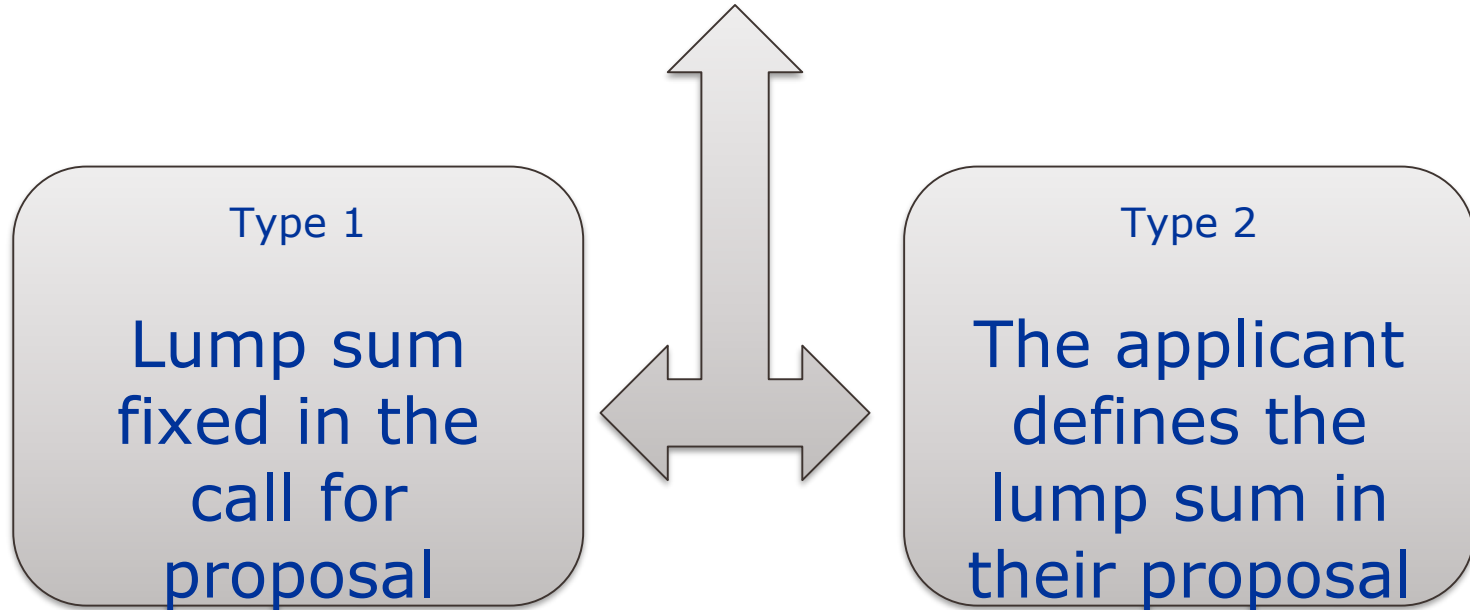
Lump sum payments depend on a successful outcome (not true); partially completed lump sum work packages will not be paid (not true); in actual cost grants, you only need correct invoices to be paid (not true)

## **We need to explain more, but we see no blocking issues:**

- Successful pilot under Horizon 2020
- Improved guidance and series of events to clarify how lump sum funding works



## Two lump sum options



Except ERC Proof of Concept, all topics in the Commission's 2022 Work Programme follow type 2



# Why did the Scientific Council opt for option 2?

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Option 1 : lump sums amount determined in the Work programme

- Difficult to be accurate: ERC projects very different from one another

Option 2 : lump sum amount assessed during evaluation (project-based) •

- The applicant will estimate the actual costs. They:
  - are subject to the same eligibility rules as in actual costs grants
  - must be in line with the normal practices of the host institution
  - must be reasonable/non-excessive
  - must be in line with and necessary for your proposed activities



# Differences between lump sum and actual cost model

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- **Same:** evaluation criteria
- **Same:** scientific reporting (periods) as today
- **Same:** payment does not depend on a successful outcome, but on the completion of activities
- **Different:** payment scheme - one significant pre-financing and one final payment
- **Different:** costs are assessed and agreed before the signature of the grant agreement
- **Different:** amount paid is not based on costs actually incurred, but on proper implementation of the work
- **Different:** no financial ex post controls



# Conditions of the Scientific Council

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- **Excellence** to remain the ERC's **sole evaluation criterion**.
- Safeguarding the **autonomy of the PI** (with reinforced provisions in the AGA) - flexibility of ERC grants to be safeguarded in regard to the approaches to amendments and portability (i.e. PIs to move freely to another HI if advantageous).
- A **single work package** per beneficiary approach without required milestones or deliverables;
- **Scientific assessment of running/finished projects to remain unchanged**. The council found it extremely important that the “% completion language” would be explained as implying a “% payment request” as part of the philosophy of frontier research projects is failing, trying new approaches and re-routing parts of the research as it unfolds.
- **All relevant IT modalities**, e.g. the application forms and the participant portal, to be **agreed and implemented** before the 2024 Advanced Grant call opens.
- **ERC specific guidance** to be developed by ERCEA and clear and coordinated communication towards external and internal stakeholders.
- Sound financial management will be assured in accordance with Horizon Europe principles, and should inform the design of all processes.



# Simplification as the main argument

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You will continue to need to provide:

- ✓ technical documents
- ✓ publications
- ✓ documentation on who did what
- ✓ any document proving that the work was done as detailed in Annex 1

You will no longer need to provide:

- ✗ time sheets
- ✗ pay slips or contracts
- ✗ depreciation policy
- ✗ invoices
- ✗ any documents proving the real costs occurred

For ex-post controls (grant reporting)





# Ex-post controls

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## Checks, reviews and audits for:



Proper implementation of the action (e.g. technical review)



Compliance with the other non-financial obligations of the grant, e.g.



IPR obligations

Other obligations (e.g. ethics, visibility of the EU funding etc.)

## No financial audits



# State of play

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The ERC Scientific Council tentatively agreed to switch the 2024 AdG call to a lump sum model. In February, they need to take a final decision for the 2024 ERC Work Programme.

Clarifications on some final items with the Commission services are pending in order to ensure that all Council requirements will be met.

It is of outmost importance to the Scientific Council that the PIs keep the independence coming with ERC funding and that the prestige of the grants will be preserved.



# Thank You!

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