



# In-kind contributions by 3<sup>rd</sup> parties: Changes from H2020 to Horizon Europe

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# Agenda

- What happened to in-kind contributions by 3<sup>rd</sup> parties?
- Reminder: In-kind contributions by 3<sup>rd</sup> parties in H2020
- Changes in definitions
- Where do we find them in Horizon Europe (HE)?
- Relevant terminology in Horizon Europe (HE)
- Relevant rules
- Budgeting contributions by 3<sup>rd</sup> parties in HE proposals
- Reporting contributions by 3<sup>rd</sup> parties in HE proposals
- What seems unclear at the moment?
- Where to look for guidance

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# What happened to in-kind contributions by 3<sup>rd</sup> parties?

## H2020

	Against payment (Article 11)	Free of charge (Article 12)
Used on the beneficiary's premises	✓	✓
NOT Used on the beneficiary's premises	✓	✓

## Horizon Europe

	Against payment	Free of charge
Used on the beneficiary's premises	?	✓
NOT Used on the beneficiary's premises	?	?

# Reminder: In-kind contributions by 3<sup>rd</sup> parties in H2020

## ○ H2020 Model Grant Agreement (MGA)

### ➤ Article 11

- Use of in-kind contributions provided by third parties against payment

### ➤ Article 12

- Use of in-kind contributions provided by third parties free of charge

## ○ Annex 2 (Budget table) to the Grant Agreement, H2020

### ➤ Additional information

- Information for indirect costs
  - Estimated costs of in-kind contributions not used on premises

### ➤ Meaning: These costs to be deducted from the basis of calculating indirect costs

# Changes in definitions

## ○ Horizon Europe (HE) definition

➤ “In-kind contributions within the meaning of Article 2(36) of EU Financial Regulation 2018/1046, i.e. non-financial resources made available **free of charge** by **third parties**.”

- Source: HE General MGA, Article 2 (highlights added by the presenter)

## ○ Background for changed definition

➤ Financial Regulation 2018/1046, Article 2(36):

- “‘in-kind contribution’ means non-financial resources made available **free of charge** by third parties to a beneficiary” (highlights added by the presenter)

## ○ Thus, the definition is changed in order to align HE rules with the EU Financial Regulation

## ○ Contributions of non-financial resources by 3<sup>rd</sup> parties against payment

- may still be eligible for funding
- are **not** referred to as in-kind contributions

# Where do we find them in Horizon Europe (HE)?

- No separate articles about in-kind contributions in the HE MGA
- Relevant text concerning in the HE MGA concerning in-kind contributions free of charge:
  - Article 6.1
    - May be eligible “provided that they concern only direct costs”
  - Article 9.2
    - “Other third parties may give in-kind contributions to the action (i.e. personnel, equipment, other goods, works and services, etc. which are free-of-charge) if necessary for the implementation.”
- Budget tables (proposal templates, Annex 2 to the Grant Agreement)
  - No column/category for costs of in-kind contributions not used on premises

# Relevant terminology in Horizon Europe (HE)

- In-kind contributions by 3rd parties
  - Non-financial resources made available free of charge by 3<sup>rd</sup> parties
- Seconded persons
  - Personnel made available by 3<sup>rd</sup> parties to a beneficiary for work on the project **against payment**

# Relevant rules

- May be eligible for EU funding:
  - In-kind contributions made available free of charge by 3<sup>rd</sup> parties for use in the project
  - Contributions of non-financial resources by 3<sup>rd</sup> parties for use in the project against payment
- Direct costs only
- Indirect costs calculated on top via the 25% HEU flat rate



# Budgeting contributions by 3rd parties in HE proposals

- **In-kind** contributions made available **free of charge** by 3<sup>rd</sup> parties for use in the project
  - All resources to be budgeted as if they were costs incurred by the beneficiary
    - i.e., the same cost categories as for the resources provided by the beneficiary
- Contributions of non-financial resources by 3<sup>rd</sup> parties for use in the project **against payment**
  - Personnel:
    - To be budgeted as "**Seconded persons**"
  - Other resources:
    - To be budgeted as purchase of goods, works or services

# Reporting contributions by 3<sup>rd</sup> parties in HE proposals

- Make sure the reported costs of contributions are direct costs only
  - Direct costs from the perspective of the 3<sup>rd</sup> party
    - as recorded in the 3<sup>rd</sup> party accounts
- Indirect costs calculated on top via the 25% HEU flat rate
- As far as cost categories are concerned:
  - Same rules as for budgeting
- Indicate in financial reporting that in-kind contributions are provided free of charge?
  - Clear guidelines missing at the moment

# What seems unclear at the moment?

## ○ “Revenue”

- “‘Revenue’ is all income generated by the action, during its duration (see Article 4), for beneficiaries that are profit legal entities” (Ref. HE MGA, Article 22.3.4)
- Will in-kind contributions by 3<sup>rd</sup> parties reported as eligible costs have to be declared as revenue?
  - This is not an issue for non-profit legal entities

## ○ Personnel contributed by 3<sup>rd</sup> parties (in-kind and against payment)

- Will there be a requirement that they work on the premises of the beneficiary?

## ○ Non-personnel, non-financial contributions by 3<sup>rd</sup> parties (in-kind and against payment)

- Will there be a requirement that the contributions are used on the premises of the beneficiary?

# Where to look for guidance

- Annotated Model Grant Agreement
  - Not published yet
- Proposal template
- Budget table/window/web form in the EU “Funding & tender opportunities” portal
  - <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/home>
  - Look for budget tips in the online form
  - e.g., buttons/icons which may be clicked to reveal additional information
- Call specific updates from the EU in the EU portal or by e-mail
- Corporate (General) Model Grant Agreement (MGA)
- Work Programme specific Model Grant Agreement (MGA)

# Questions?



Thank you for your attention!