



Norwegian University of
Science and Technology



Unit costs in Horizon Europe

Per Inge Andresen, senior adviser
Norwegian University of Science and Technology

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Presentation outline

- Overview of unit costs in Horizon Europe (HE)
- How are different categories of unit costs determined?
- Calculating different kinds of unit costs
- Where to look for clues and guidance?

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Overview of unit costs in Horizon Europe (HE)

○ What are unit costs?

➤ Definition:

➤ Fixed cost amount per unit of something

➤ Unit of what?

- Time unit of effort (hour, day, month)
- Time unit of service
- Unit of (standardised) service or goods

○ Unit costs vs. lump sum

➤ Lump sum:

- Fixed amount of funding per completed activity
 - a) per project
 - b) per WP (work package)

Applicable cost categories for unit costs in Horizon Europe

- Average personnel costs
 - calculated as unit costs according to usual cost accounting practices
 - for beneficiaries who consistently calculate average rates for their staff as part of their analytical cost accounting system
- Personnel costs for SME owners and natural person beneficiaries
 - SME owners not receiving a salary from the SME in question
 - Natural persons who are beneficiaries in the project
- Costs for internally invoiced goods and services
 - to be declared as unit costs in accordance with usual cost accounting practices
- Research Infrastructure actions – unit costs and actual costs are available options
 - Transnational access to research infrastructure
 - Virtual access to research infrastructure
- MSCA (Marie Skłodowska-Curie Actions)
 - Defined as "unit contributions" for Horizon Europe. For H2020: "Unit costs".
- Euratom Cofund staff mobility costs (not to be discussed in detail here)

How are different categories of unit costs determined?

Cost category	Decided by the EC	Calculated by the beneficiary
Average personnel costs		√
SME owners and natural person beneficiaries	√	
Internally invoiced goods and services		√
Transnational access to research infrastructure		√
Virtual access to research infrastructure		√
MSCA	√	
Euratom staff mobility costs	√	

Calculating different kinds of unit costs

○ Unit costs decided by the EC

- Find the € amount in the relevant Work Programme, for the relevant period
- Living allowance (MSCA DN, MSCA PF):
 - Convert monthly rate to daily rate
 - Multiply the basic rate by the beneficiary's Country correction coefficient (CCC)
- Unit costs for SME owners, and natural person beneficiaries
 - Convert monthly rate to daily rate
 - Multiply the basic rate by the beneficiary's Country correction coefficient (CCC)
 - Same CCC as for the MSCA Work Programme for the programme year

○ Unit costs to be calculated by the beneficiary

- Start with cost data from the organisation's accounts
- Exclude (remove) cost elements that are ineligible under the Grant Agreement
- Budgeted or estimated elements may be included, for some unit cost categories

How to calculate: Average personnel costs

- Start with actual costs recorded in the organisation's accounts
 - Actual personnel costs recorded in your accounts during the reporting period
- Exclude (remove) costs that are:
 - ineligible under the Grant Agreement
 - already included in other budget categories
- Budgeted or estimated elements may be included, provided that they:
 - are relevant (i.e., clearly related to personnel costs)
 - are used in a reasonable way (i.e., do not play a major role in the calculation)
 - correspond to objective and verifiable information*
- Daily rate:
 - If the usual practise is to calculate a rate per hour:
 - a) Default: Daily rate = hourly rate x 8
 - b) Option: If the usual accounting practice determines the standard number of annual productive hours of a full-time employee, multiply hourly rate by:
 - ***{The higher of: (the standard number of annual productive hours of a full-time employee according to your practice) OR (90 % of the standard annual workable hours of a full-time employee)} / 215***

* See: AGA – Annotated Model Grant Agreement, pre-draft 0.2, 30.11.2021, pp. 40 – 41

How to calculate: Personnel costs for SME owners and natural person beneficiaries

- Basic rate:

- € 5 080 / Month

- Same as MSCA PF Living allowance, MSCA Work Programme 2021 – 2022

- Daily rate:

- Divide by 18 ($\approx 215 / 12$):

- $$\text{€ } 5\,080 / 18 = \text{€ } 282,22^*$$

- Multiply the basic rate by the beneficiary's Country correction coefficient (CCC)

- Same CCC as for the MSCA Work Programme for the programme year

- Ceiling:

- Max declarable days: 215 per year

* See: AGA – Annotated Model Grant Agreement, pre-draft 0.2, 30.11.2021, p. 47

How to calculate: Internally invoiced goods and services

○ Requirements*

- Must be declared as unit costs in accordance with usual cost accounting practices
- The accounting practice must:
 - define the unit as well as the cost calculation methodology
 - be applied consistently, based on objective criteria, regardless of source of funding
- Cost calculation*
 - Start with actual costs recorded in the organisation's accounts
 - Exclude (remove) costs that are:
 - ineligible under the Grant Agreement
 - already included in other budget categories
 - costs of resources that do not belong to the beneficiary and which it uses free of charge
 - Budgeted or estimated elements may be included, provided that they:
 - are relevant (i.e., clearly related to personnel costs)
 - are used in a reasonable way (i.e., do not play a major role in the calculation)
 - correspond to objective and verifiable information*
 - Only the share of the cost item that is used for the production of the internally invoiced good or service may be included in the cost pool
 - Allocation keys resulting in a higher unit cost for the internally invoiced good or service when used in EU grants is not acceptable
 - Ceiling
 - The share of the cost of a cost item included in the internal invoice reduces the share of the cost item that can be charged as direct costs to EU projects.

* See: AGA – Annotated Model Grant Agreement, pre-draft 0.2, 30.11.2021, pp. 77 – 80

How to calculate: Transnational / Virtual access to research infrastructure

- No cost calculation guidance published by the EC for these costs for Horizon Europe yet

How to calculate: MSCA (Marie Skłodowska-Curie Actions)

- Horizon Europe: Unit contributions*
- H2020: Unit costs
- For all cost categories, the unit cost rates are determined in the MSCA Work Programme for the programme period
- Living allowance (MSCA DN, MSCA PF)
 - Basic rate, MSCA Work Programme 2021 – 2022:
 - MSCA DN (Doctoral Networks): € 3 400 / Month
 - MSCA PF (Postdoctoral Fellowships): € 5 080 / Month
 - Multiply the basic rate by the beneficiary's Country correction coefficient (CCC)
 - See the MSCA Work Programme for the programme period
- Other cost categories
 - See the MSCA Work Programme for the programme period
 - Find the relevant cost categories for each type of Action (DN, PF, SE, Cofund, MSCA and Citizens)

* See: "DECISION authorising the use of lump sum contributions and unit contributions for Marie Skłodowska-Curie actions under the Horizon Europe Programme", 15 March 2021. https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/guidance/unit-cost-decision_he-msca_en.pdf

Where to look for clues and guidance?

○ Annotated Model Grant Agreement

➤ Current version:

- Pre-draft (HE) , v. 0.2, incl. update for all programmes, published 30 November 2021
- https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/guidance/aga_en.pdf

○ Corporate (General) Model Grant Agreement (MGA)

➤ Current version: V. 1.1, published 15 December 2021

- ### ➤ https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/common/agr-contr/general-mga_horizon-auratom_en.pdf

○ Funding scheme specific Model Grant Agreement (MGA)

➤ Model Grant Agreement – Unit Grants (HE Unit MGA — Multi & Mono)

➤ Current version: HE Unit MGA v1.1

- ### ➤ https://ec.europa.eu/info/funding-tenders/opportunities/docs/2021-2027/horizon/agr-contr/unit-mga_he_en.pdf

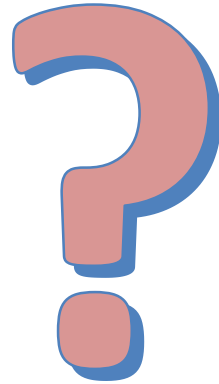
○ EU Online Manual (2021 – 2027 EU programme period)

- ### ➤ <https://webgate.ec.europa.eu/funding-tenders-opportunities/display/OM/Online+Manual>

○ Proposal template

○ Call specific updates from the EU in the EU portal or by e-mail

Questions?



Thank you for your attention!