

# COST Targeted Network

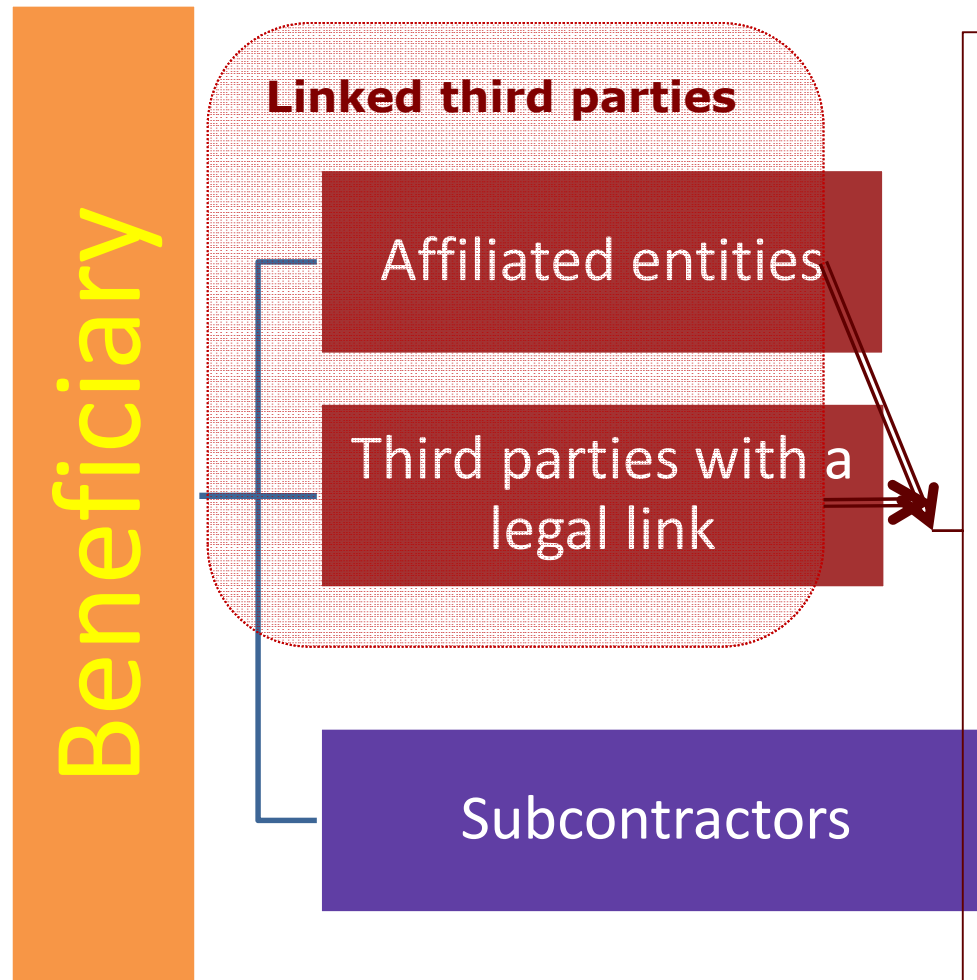
## TN1302: BESTPRAC

### **WG1/WG2/WG3 Third Meeting**

### **Interactive Session IS.3**

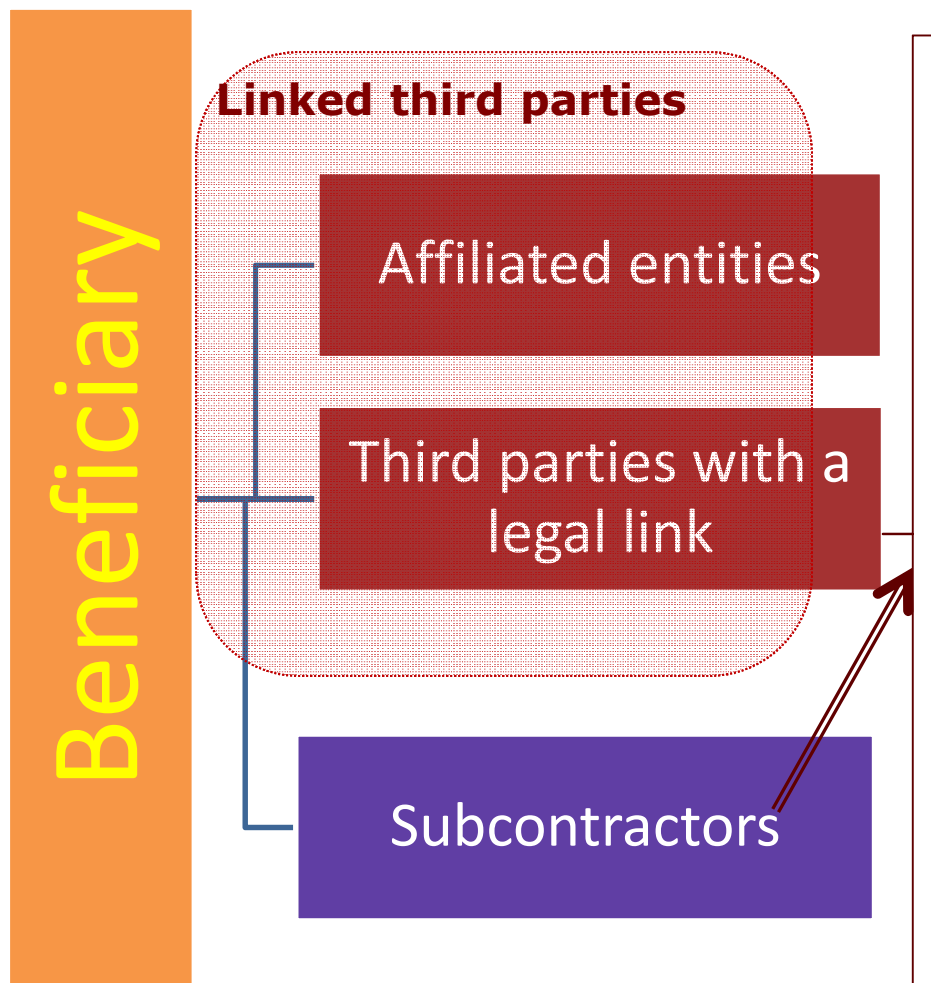
*Third parties making personnel available to the beneficiary*

# THIRD PARTIES: carrying out work in the action



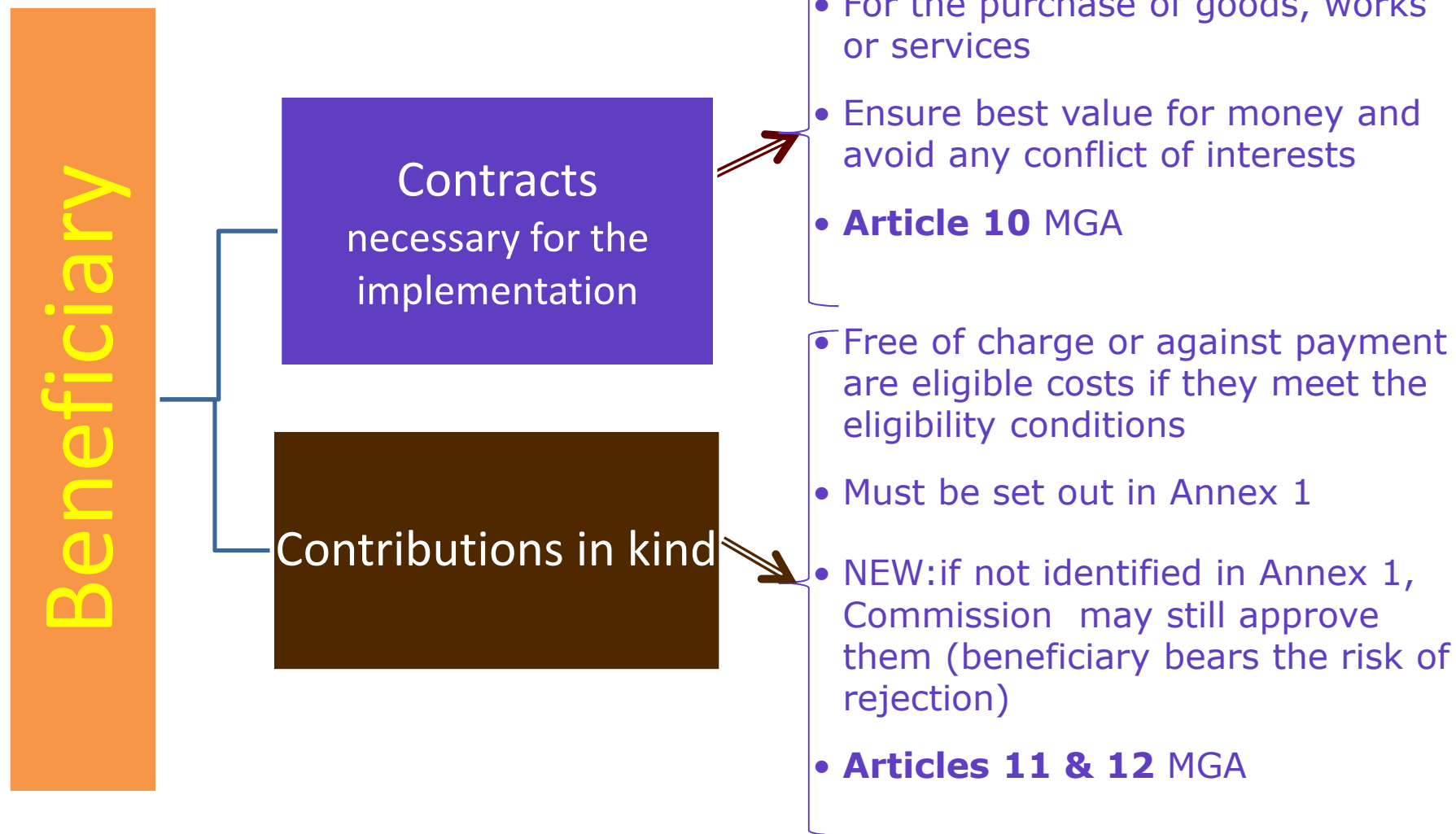
- Similar to FP7 Special Clause 10
- Must be identified in the GA
- Same cost eligibility criteria than beneficiaries
- **NEW:** COM or Agency may request them to accept joint and several liability for their EU contribution
- **Article 14** MGA

# THIRD PARTIES: carrying out work in the action



- Ensure best value for money and avoid any conflict of interests
- Estimated costs and tasks must be identified in the budget and Annex 1
- **NEW:** if not identified in Annex 1, Commission may still approve them (beneficiary bears the risk of rejection)
- **Article 13** MGA

## THIRD PARTIES: others



## Contractors-subcontractors / Linked third parties

The differences between subcontractors (*Article 13*) and contractors (*Article 10*) on one side and linked third parties (*Article 14*) on the other are:

Articles 10 & 13 Contracts and subcontracts	Article 14 Implementation by linked third parties
The beneficiaries have a contractual link with contractors or subcontractors having as their object the purchase goods, works or services or the implementation of specific action tasks.	The beneficiaries have a legal link with the linked third parties not limited to the action and not based on a contract for the purchase goods, works or services or the implementation of specific action tasks.
The eligible costs are the prices charged to the beneficiary by the contractors or subcontractors (usually containing a profit margin for the contractors or subcontractors but not for the beneficiary).	The eligible costs are only the costs of the linked third party, no profit is allowed (neither for the linked third party nor for the beneficiary).
The beneficiary must award the contracts and subcontracts on the basis of best value-for-money (or lowest price) and absence of conflict of interests.	The linked third parties have to be affiliates to a beneficiary or must have a legal link (as explained in Article 14) with the beneficiary.

AGA — Annotated Model Grant Agreement: H2020 General MGA: V1.7 – December 2014

## Contracts / In-kind contributions against payment

The differences between contracts (*Article 10*) and in-kind contributions against payment (*Article 11*) are:

<p><b>Article 10</b></p> <p><b>Contracts</b></p>	<p><b>Article 11</b></p> <p><b>In-kind contributions against payment</b></p>
<p>Contractors act as economic operators selling to the beneficiary goods, works or services that are necessary for the action.</p>	<p>Third parties contributing in-kind make available some of their resources to a beneficiary without this being their economic activity (<i>i.e. seconding personnel, contributing equipment, infrastructure or other assets, or other goods and services</i>).</p>
<p>The eligible costs are the prices charged to the beneficiary by the contractors or subcontractors (usually containing a profit margin for the contractors or subcontractors but not for the beneficiary).</p>	<p>The eligible costs are the amounts that the beneficiary pays to the contributors according to their agreements, within the limit of the third party's costs (the amounts to be paid to the contributors usually exclude a profit margin but if they do, the profit margin is not eligible).</p>



## Receipts / Personnel costs

### RECEIPTS:

**in-kind contributions provided by third parties free of charge specifically to be used for the action, if they have been declared as eligible costs** (i.e. not money, but an in-kind contribution free of charge given by a third party (a donor) specifically for being used for the action covered by the GA)

**Examples:** *the secondment of an expert without reimbursement* In-kind contributions are considered receipts only if their value (i.e. the costs incurred by the third party for it) has been declared by the beneficiary as an eligible cost for the action.

**PERSONNEL COSTS** : Cost for personell seconded against payment must be declared as *'personnel costs – costs of personell seconded by a third party against payment'*

Income generated by the action  
(except for action's results)

Income generated from the sale of  
assets purchased in the GA

## *Receipts*

In-kind contributions:  
- specifically for the action  
- received free of charge  
- declared as eligible costs

Financial contributions specifically  
assigned by  
the donors to finance  
the eligible costs

**No-profit rule applied at project level, not per beneficiary!**



## Final grant amount: calculation

### Step 1 — Application of reimbursement rates to eligible costs

Total approved eligible costs (*actual costs, unit costs, flat-rate and lump sum costs, if any*) X reimbursement rate (*100 % for research actions, 70% for innovation actions*)

### Step 2 — Limit to the maximum grant amount

The grant amount obtained in Step 1 is capped at the maximum grant amount set out in the GA

The grant amount following Steps 1 and 2 is the lower of the two amounts.

### Step 3 — Reduction due to the no-profit rule

Profit of the action = Grant amount obtained in Step 2 + Receipts - Total eligible costs of the action

If Profit > 0 → grant amount obtained in Step 2 is reduced

If Profit < or = 0 → grant amount obtained in Step 2 is not reduced

### Step 4 — Reduction due to improper implementation or breach of other obligations under the GA at the payment of the balance

*Final grant amount* is the lower of the following two amounts:

Amount obtained following Steps 1 to 3 ⇔ Amount obtained in Step 4