



# **EU Grants**

## **How to manage your lump sum grants**

Lump sum proposal submission, evaluation and grant management in EU programmes

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## IMPORTANT NOTICE

This document is designed to help **applicants and beneficiaries** submit their lump sum proposals and manage their lump sum grants in EU funding programmes.

Lump sum grants are grants where the grant amount is fixed and will be paid out if the project is implemented as set out in the description of the action (DoA).

These types of grants are simpler in the implementation than the actual cost grants that are typically used in EU programmes, since they require less administration and no cost reporting.

There are 3 types of lump sums:

- **Type 1: pre-fixed amount** (defined ex ante by granting authority general decision 'lump sum authorising decision')
  - Type 1a: pre-fixed total for certain project types (meaning that the lump sum will be the same for all projects under a call)
  - Type 1b: pre-fixed building block amounts for certain activities (meaning that the lump sum will be based on the same amounts per activity, but may vary from project to project depending on the activities selected)
- **Type 2: project-based amount** (lump sum methodology set out in a granting authority 'lump sum authorising decision', but details based on individual project budget, i.e. different for each project).

The lump sum type that applies is set out in the call conditions/programme guide/work programme. You can consult the lump sum methodologies for each programme in the [Portal Reference Documents](#).

The guiding principle is that lump sum funding follows, wherever possible, the standard rules and processes for actual cost grants. This document focusses on the limited number of aspects that are different in lump sum calls. For all other aspects, refer to the general eGrants guidance.

For more information and visuals, please refer to the presentation [Lump Sum Funding: What do I need to know](#).

<b>HISTORY OF CHANGES</b>		
<b>Version</b>	<b>Publication Date</b>	<b>Change</b>
1.0	15.10.2022	<ul style="list-style-type: none"> <li>▪ Initial version (new MFF).</li> </ul>
1.1	15.02.2024	<ul style="list-style-type: none"> <li>▪ Additional information on reporting periods, the dashboard for personnel costs, and completion of work packages.</li> <li>▪ Using personnel unit costs in the lump sum budget.</li> <li>▪ Clarification that a “task” is a sub-division of a work package, and that “work” and “activities” are used synonymously.</li> </ul>

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## 1. Writing a lump sum proposal

### Proposal design

To write a proposal under a topic using lump sum funding, you must use the standard proposal templates for the EU programme you are applying for. You will find the template to be used directly in the online Submission System.

You present the objectives and methodology of your project and address the expected outcomes and impacts as in any EU grant proposal.

The design of your work plan is essentially the same as in any proposal, except that work packages with a long duration (*e.g., management, communication, dissemination and exploitation, etc*) may be split along the reporting periods. In this way, the relevant activities can be paid at the end of each reporting period (may be important for the cash flow in your project). The effectiveness of the work plan remains however essential. The use of lump sum funding should NOT lead to the subdivision of the project into many small work packages.

You are encouraged to indicate your preferred reporting periods as part of the work plan. Please respect the minimum number of reporting periods required for the programme/type of action/topic (if any; *e.g. 1 RP of 18 months in Horizon Europe*). The final decision on the reporting periods will be taken during grant preparation. It will follow your proposal unless changes are needed (*e.g. to mitigate risks or to minimise the number of reporting periods*).

As usual, your proposal must describe in detail the activities covered by each work package.

### Budget structure and cost estimations

Lump sum budgets are based on cost estimations (either upfront by the EU granting authority or in the proposal by the applicants).

Thus:

- where the lump sum is prefixed by the call (*lump sum type 1a*), your budget must equal (add up to) the prefixed total
- where the lump sum is based on pre-fixed building block amounts for certain activities (*lump sum type 1b*), you will be expected to fill out a calculator, to show how you arrived at the total amount
- where the lump sum is project-based (*lump sum type 2*), you will have to submit a detailed budget table with the project budget.

In the lump sum type 2 detailed budget table, you must provide realistic cost estimations for each cost category (personnel costs, subcontracting costs, purchase costs, other cost categories) per beneficiary and affiliated entity (if any), and per work package.

These cost estimations and the resources you commit to mobilise will be the basis to define and justify the lump sum; they will add up to the total lump sum amount that you propose.

Keep in mind that for this type of lump sum, the cost estimations must be an approximation of your actual costs. They must be:

- in line with the same eligibility rules as in actual costs grants of the programme, i.e. cost estimations can be included only if the same cost item/type of cost would be eligible in an actual cost grant (see [AGA – Annotated Grant Agreement, art. 6\\*](#))
- in line with your normal practices
- reasonable/not excessive

- in line with and necessary for the activities proposed.

**For Horizon Europe:** If your organisation is using the HE personnel unit costs (see [Decision on HE and Euratom personnel unit costs](#)), you must use the approved daily rate to estimate the personnel costs. The monthly rate in the detailed budget table must be calculated using this formula: Monthly rate = Approved daily rate x (215/12).

The templates to be used are available in the online Submission System.

## 2. Evaluation

Your proposal will be evaluated by an evaluation committee (in many programmes with involvement of independent external experts), against the standard award criteria of the EU programme concerned.

The evaluators will assess the cost estimations against the proposed activities under one of the award criteria (e.g. for HE under 'Quality and efficiency of the implementation'; DEP, EDF under 'Implementation'; SMP, CREA, ERASMUS under 'Quality'; LIFE under 'Resources'). They will ensure that cost estimations are reasonable and non-excessive and whether the resources proposed and the budget-split of lump sum shares will allow completing the activities as described in the proposal.

**For Horizon Europe:** A [personnel cost dashboard](#) will provide the evaluators with reference data about the range of normal personnel costs in Horizon Europe, per country and per type of organisation, helping them to judge if personnel cost estimations in a proposal are reasonable. If you have high personnel costs, especially personnel costs above the values shown in this dashboard, please justify them in the comment tab of your detailed budget table. For more details, see the landing page of the personnel cost dashboard and the instructions in the detailed budget table.

Cost estimations that are clearly overestimated or underestimated will lead to a decreased score under the award criterion concerned.

Moreover, evaluators can make specific recommendations on the lump sum shares and the underlying costs estimations. They can recommend:

- to decrease the lump sum amount for a work package/beneficiary
- to reallocate lump sum shares among work package/beneficiaries.

Following the recommendations of the evaluators, the requested grant amount might be decreased. ⚠️ The requested grant amount can NOT be increased.

Like in actual cost grants, you will receive feedback on your proposal.

If your proposal is ranked on the main list or reserve list:

- comments on the detailed budget table will be provided in the evaluation summary report (ESR) and
- budget cuts or budget transfers between beneficiaries and/or between work packages decided during the evaluation (if any) will be explained with sufficient detail for you to implement them during grant preparation.

If your proposal is ranked below threshold/below the available budget there will normally not be any detailed comments on the lump sum budget, unless your proposal is rejected, at least in part, due to a flawed budget (e.g., a significantly overestimated or underestimated lump sum).

The evaluation result letter (ERL) will reflect budget cuts decided during the evaluation, if any.

### 3. Grant preparation

If your lump sum proposal is selected for funding, the standard process will be followed to prepare the grant agreement in the online Grant Management System. The grant agreement for your project will be based on the [Model Grant Agreement for Lump Sum Grants](#).

The 'no negotiation' principle applies. Proposals are evaluated based on merit and not on their potential if certain improvements were made. This means that your proposal is taken 'as is'. The grant agreement will be prepared on the basis of the proposal you submitted. However, some changes might be necessary.

Apart from possible budget changes (*see below*), the changes you may introduce during grant agreement preparation (GAP) should be limited to:

- correcting obvious errors and inconsistencies
- other changes necessary to comply with applicable rules.

You cannot introduce changes to the scope or to the objectives of your proposal that would call in question the fair treatment of all other applicants; changes to the consortium are exceptionally possible, if needed (*e.g. a partner becomes bankrupt or can no longer participate*).

Following the result of the evaluation and the recommendations of experts, the overall lump sum is fixed in the grant agreement. The breakdown of lump sum shares per beneficiary and per work package is also included in the grant agreement as Annex 2. ⚠️ The calculator/detailed lump sum budget table will however NOT become part of the lump sum grant agreement.

Once the lump sum is fixed in the grant agreement, it will not be questioned (even if prices for goods or services change later on).

#### Budget changes documented in the ESR (if any)

The overall lump sum must be adjusted to the amount specified in the evaluation result letter (ERL), if applicable.

This should be done by adapting the lump sum shares and the information on costs and resources in line with the ESR (*e.g. for HE, you make the necessary adjustments in the detailed budget table; it will result in a updated breakdown of lump sum shares which you can use to fill Annex 2*).

#### Budget changes not documented in the ESR (exceptional)

Changes to the lump sum budget that are *not* documented in the ESR are exceptionally possible, if they are necessary to comply with the rules (e.g. in case of ineligible costs that were not detected during evaluation). Your project officer will inform you of such changes, if any.

#### Ethics work package (if applicable)

If the ethics review leads to ethics deliverables (*e.g. for HE, DEP, etc*), they are added to the grant agreement during GAP. Ethics deliverables, if any, are contained in an automatically generated work package called 'Ethics requirements'. No staff effort can be attached to this work package, and it does not change the maximum grant amount. This applies to all grants.

In lump sum grants, the additional 'Ethics requirements' work package appears in Annex 2 with no budget (i.e. with a lump sum share of EUR 0).

#### Part B of the description of action (DoA)

To produce the Part B of the description of action (i.e. Part B of Annex 1 of the grant agreement), you must start from the Part B of your proposal.

You should in principle follow the same instructions as for actual costs grants, except for the tables with information on individual costs.

**For Horizon Europe:** Please remove the following tables (they are not needed in lump sum grants):

- Table 3.1.h (Purchase costs)
- Table 3.1.i (Other costs categories)
- Table 3.1.j (In-kind contributions provided by third parties).

These 3 tables should not become part of the lump sum grant agreement.

#### **4. Grant amendments**

The grant agreement can be amended, except where those changes would call into question the decision awarding the grant or breach the principle of equal treatment of applicants. The procedure to launch an amendment is the same as that for actual costs grants.

For lump sum grants signed under the previous programming period 2014-2020 (*e.g. H2020*), a review must be organised to confirm that the amendment does not call into question the decision awarding the grant or breach the principle of equal treatment of applicants. This obligation is no longer applicable for the new programmes 2021-2027 (*e.g. HE, DEP, EDF, etc.*).

##### Amending work packages and work plan

You can introduce changes to individual work packages and to the work plan through an amendment. However, work packages that have already been completed and paid cannot be amended.

All other parts and aspects of the lump sum grant agreement can be amended in the same way as for actual cost grants. This includes:

- extension of the project duration
- change of reporting periods
- changes in the work plan (change of Annex 1, *e.g. work packages, tasks, deliverables*)
- transfer of activities between beneficiaries
- new/additional activities to be subcontracted
- adding or removing beneficiaries, affiliated entities or associated partners.

Changes to the work plan may or may not require budget transfers, which require an update of the breakdown of lump sum shares (Annex 2).

Instead of a formal amendment, deviations from the work plan can be flagged in the periodic report (simplified approval procedure) and be accepted as part of the reporting procedure (*see section 5.2*).

The detailed lump sum budget table is part of the proposal (*see section 1*), but not part of the grant agreement. Therefore, this table is not updated after the grant is signed, including when the grant agreement is amended.

##### Budget transfers

The consortium is free to spend the lump sum as they see fit, provided the project is carried out as described in the grant agreement.



The granting authority will assume distribution in accordance with the lump sum budget table, *e.g. for the purpose of offsetting*. Therefore, it might be in your interest to formalise changes to the budget via an amendment.

If you would like to formalise a change in the breakdown of the lump sum shares (Annex 2), this requires an amendment.

Such budget transfers may be done:

- within the same work package (i.e. increasing the share of one beneficiary and decreasing the share of another) and/or
- between work packages (i.e. increasing the share allocated to one work package and decreasing the share of another).

You need to justify these changes on the basis of the technical implementation of the action. ⚠️ Transfers from or to a work package which has already been declared completed and paid in a preceding reporting period are NOT allowed.

#### Addition or termination of a beneficiary

The addition or termination of a beneficiary always requires an amendment. The amendment must include an updated breakdown of lump sum shares (Annex 2) that reflects the modified consortium. ⚠️ The overall lump sum can NOT change.

The modified consortium maintains collective responsibility to implement the action as described in the grant agreement.

The addition or termination of a beneficiary will normally require budget transfers that are introduced in the same amendment.

The new beneficiary does not have to complete the calculator/detailed budget table. An updated breakdown of lump sum shares (Annex 2) is sufficient.

For the beneficiary termination report and the amount due to terminated beneficiaries, see section 6.

## **5. Monitoring, reporting and payments**

### **5.1 Monitoring and project reviews**

The obligation to properly implement the action is the same for all EU grants, including lump sum grants. For details, see [AGA – Annotated Grant Agreement, art. 11](#)).

At the end of a reporting period (or at any other time we consider necessary), we can organise a project progress review. The review will monitor the proper implementation of the action as compared to the work described in the description of action (Annex 1). It will be based on the deliverables, milestones and technical periodic reports. Like for actual cost grants, the review can also focus on the compliance with other aspects of the grant. However, in lump sum grants a project review will not focus on financial and budgetary aspects.

### **5.2 Periodic reporting**

At the end of each reporting period, you need to submit the technical and financial report in the Periodic Reporting module of the online Grant Management System. The approach is the same as for actual costs grants except that in lump sum grants:

- the coordinator must complete the 'status of work packages' table in the Grant Management System and mark work packages as 'completed' or 'not completed'

- the technical report should focus on the completion of work packages (in particular, when you declare a work package as completed, the report must explain and justify this)
- the financial report is much simplified and to a large extent automated.

The reporting process for lump sum grants is described below and in the Funding & Tenders Portal IT How To section on [Lump Sum Reporting](#).

You must use the standard technical periodic report template available directly in the Grant Management System. The 'use of resources' report will however not be required for lump sum grants.

The technical report should detail who did what (at the level of the participating organisations, not at the level of individual staff), indicating the contributions from beneficiaries, affiliated entities, associated partners, and subcontractors.

On the basis of the status of the work packages and the amounts of lump sum shares attributed to each beneficiary in the grant agreement, the consolidated financial statement will be automatically generated for all beneficiaries. Certificates on financial statements are not used in lump sum grants.

You have no contractual obligation to keep financial records for the project. There is no reporting of actual costs or of resources.

#### Declaring work packages as completed

Work packages<sup>1</sup> should be completed as described in Annex 1.

In some programmes (e.g. Horizon Europe), they will be assessed on the basis of the activities carried out, irrespective of the results obtained or objectives achieved; in other programmes (and depending on the description in Annex 1), they may be assessed on the basis of achieving specified outputs or results.

While a work package can normally only be declared as completed when all the work has been carried out as described, it can also be declared as completed if some elements are missing, as long as:

- all essential work has been completed and/or
- equivalent work has been carried out and/or
- when deviations have been duly justified.

The work to be completed includes the activities described as part of the objectives, milestones, and deliverables that are linked to the work package (if any).

In programmes where work packages are assessed based on the activities carried out (e.g. *Horizon Europe*):

- reaching objectives and milestones successfully is desirable but not a requirement for completion of the work package
- normally, all deliverables must be completed, meaning that the underlying work has been done and the deliverable reports have been submitted and accepted, while a successful outcome is not required

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<sup>1</sup> Work packages describe the activities to be carried out and/or the outputs or results to be achieved. The description of activities may be broken down into tasks. Note that "activities" and "work" are used synonymously in this document (e.g., "activities carried out" and "work done" mean the same).

- exceptionally, deliverables can be modified or delayed if the deviation has been duly justified.

Incomplete work packages can be finished and declared later on, in any of the subsequent reporting periods.

If the implementation of your project deviated from the work plan for technical reasons, and a work package cannot be completed as described in the grant agreement:

- you can report the deviation in the dedicated section of the technical report; if duly justified, the deviation can be accepted with the technical report
- alternatively, you can introduce an amendment to address the situation, with the aim of making the completion of the work package feasible (*see section 4*). For example, you can propose a feasible alternative to the initial work package description, based on equivalent work that can be carried out. The assessment of your report will be based on the latest version of the grant agreement, meaning that an amendment must be completed before the assessment of your report, in order to be taken into account.

If several beneficiaries carry out a work package, they cannot declare it as completed until all of them have completed it.

Exceptionally, at the end of the last reporting period, you have the possibility to declare a work package as partially completed (*see below*). In this case, you need to indicate a percentage of completion. You should declare work packages as partially completed if essential parts have not been carried out and not been replaced with equivalent work. This needs to be explained and justified in the final technical report. The percentage of completion declared should correspond to the share of activities described in the grant agreement that have been carried out. ⚠️ The degree of completion is not linked to cost expenditure or use of resources.

#### Assessment of lump sum work packages

The project officer will assess the technical report and the status of work packages. For each work package declared, the project officer will assess and choose between 'completed' and 'not completed'. At the final report, the project officer can also choose 'partially completed' and enter the percentage of completion.

The project officer will reject a work package when a significant or essential part of the work has not been completed, and this deviation from the work plan is not justified or not acceptable. If the project officer intends to reject a work package, you will have the opportunity to react to the observations of the project officer. In this case, the project officer will either send you a request for additional information or reject the technical report and ask you to justify the completion of the work package(s).

### **5.3 Payments**

Payments follow the standard schedule: a prefinancing payment, additional pre-financing payments (in some grant schemes), interim payments at the end of each reporting period, and a final payment of the balance.

The calculation of the prefinancing follows the standard rules and is fixed in the grant agreement. For programmes with Mutual Insurance Mechanism (*e.g. HE*), a small percentage of the lump sum will be retained as contribution to the Mutual Insurance Mechanism. The coordinator of your project should distribute the prefinancing in accordance with your consortium agreement.

Interim payments pay the lump sum shares for work packages completed during the corresponding reporting period and accepted by the project officer in charge of your project. There is no possibility for interim payment of partially completed work packages.

Before a lump sum work package is rejected as incomplete, you will be invited to respond to the observations of the project officer and explain why it should be accepted. If the rejection is upheld, the lump sum share concerned will not be paid at that interim payment. In this case, you should complete the work package and declare it again at the end of any subsequent reporting period. If accepted, the corresponding lump sum share will then be paid.

The payment of the balance pays the remaining lump sum shares for the implementation of the action.

### Partial payments for partially completed work packages

Payments for partially completed work packages are possible only at the end of the project, as part of the payment of the balance.

You are expected to complete all work packages by the end of the project. If needed, make use of the possibilities to justify deviations and/or to amend the grant. The meaning of 'completed work package' is defined above (see section 5.2).

If it is not possible to complete a work package by the end of the project due to technical reasons or force majeure, you may declare a partial work package. In this case, the lump sum share is paid partially, in line with the accepted degree of completion. This means that the amount reimbursed will correspond to the accepted part of the work package, which may be less than the part you declared as completed. If you declare a work package incomplete at the end of the project due to other reasons, the work package may be rejected in full.

#### **Examples (acceptable partial WPs):**

- 1. A work package cannot be completed because the underlying method does not work as planned. Despite best efforts, no feasible alternative method became available.*
- 2. A key member of staff is no longer able to work on the project (e.g. due to resignation, parental leave, or long sick leave). Without the expertise of this person, the activities of a work package cannot be finished, and it is not possible to replace the person within a reasonable time frame.*
- 3. There is a serious supply problem on the market, and it is no longer possible to buy essential consumables needed to perform the analysis of environmental samples as described in the grant agreement. The missing components cannot be replaced, and alternative analytical methods do not provide the required sensitivity. As a result, the work package concerned cannot be completed.*
- 4. A beneficiary requests terminating its participation in the action because a fire devastated its laboratory where most of the technical equipment and computers used for the project were located. This is a case of force majeure where the beneficiary cannot complete its work in the project. Against this background, the work packages concerned are accepted in part (in proportion to the work carried out).*

#### **Examples (non-acceptable partial WPs):**

- 1. Beneficiaries A, B and C are involved in a work package. At the end of the project, this work package is declared as partially completed. While A and B fully completed their work, C completed its work only partially. The technical assessment of the work done reveals that C wilfully stopped collaborating in the project and that the partial work done was not performed according to the state-of-the-art carbon-neutral method described in the grant agreement. C has special know-how for this method and was included in the project for this particular reason. Against this background, only the lump sum shares of A and B are paid. The contribution of C is considered non-implemented and is rejected.*
- 2. The consortium argues that they did not have enough time to complete the work package. The delay was not previously reported, there is no proper justification, and there was no clear effort to manage it (e.g. no attempt to speed up or to address the situation through an amendment). Against this background, the work package is rejected in full.*
- 3. The project turned out to be more expensive than budgeted, and the consortium stopped the work in one or more work packages. The consortium did not report and justify the problem and made no effort to resolve it (e.g. through an amendment). Against this background, the partially completed work packages concerned are rejected.*

The procedure for the partial payment of work packages has changed. For grants signed under the 2014-2020 programming period, the partial lump sum share to be reimbursed for a partially

completed work package is determined in a grant reduction process, with a contradictory procedure on the reduction. For the current programming period(2021-2027), the incomplete work package will be partially rejected (and the lump sum share for that work package also automatically partially rejected). Beneficiaries have the possibility to submit observations during a contradictory procedure (if the rejection leads to a recovery) or after the rejection (if it does not lead to a recovery).

## **6. Beneficiary termination reporting**

In case the participation of a partner is terminated, you will not be required to provide any financial reports because the amount due will be calculated only on the basis of work packages already previously accepted. Any amounts for work packages not yet accepted, on which the terminated partner worked before the termination, will be paid out to the coordinator once the work package is accepted in a following reporting and payment session.

The amendment terminating the partner (or any other subsequent amendment) will determine the redistribution of activities and the remaining budget assigned to the terminated beneficiary in Annex 2.

## **7. Checks, reviews and audits**

The rules for checks, reviews, audits and investigations of lump sum grants are the same as for actual cost grants, as far as horizontal obligations and technical project implementation is concerned.

As there is no financial reporting, there are no financial checks, reviews or audits related to actual costs and the resources used.

Controls can focus on the proper implementation of the work plan (of the activities) and on non-financial obligations. This includes compliance with rules on intellectual property, ethics and integrity, visibility of EU funding, etc.

## **8. Record keeping**

You have no contractual obligation to keep financial records for the project. There is no reporting of actual costs or of resources. You will only need to comply with record keeping and other legal obligations outside the lump sum grant agreement, if any (*e.g. under national law or internal procedures*).

You must keep documentation to demonstrate that the activities in Annex 1 have been carried out, and by whom. This is the same technical documentation as for all grants (i.e. there is no additional technical documentation to be kept specifically for lump sum grants). For example, for research activities, you should keep documentation as required by good research practices such as lab books, technical documents, prototypes, proceedings in conferences, and publications.