The PRIMA programme is an Art. 185 initiative supported and founded under Horizon 2020, the European Union’s Framework Programme for Research and Innovation.
Summary

1 Eligible Costs

2 Ineligible Costs

3 Third Parties

4 Report and payment requests
1. Eligible Costs

A) Direct Personnel Costs

B) Direct costs of subcontracting

C) Direct costs of providing financial support to third parties

D) Other direct costs

E) Indirect costs

DIRECT COSTS: Costs directly linked to the action implementation and can be attributed directly to it.
INDIRECT COSTS: Costs NOT directly linked to the action implementation and cannot be attributed directly to it.
1. Eligible Costs

General conditions

ACTUAL COSTS
- Incurred by the beneficiaries
- According to the Annex 1
- During the Period set out in Article 3
- Indicated in the reports
- National law on taxes, labour and social security
- Reasonable, justified

UNIT COSTS
- The number of actual units must comply with the following conditions:
  - units must be actually used or produced in the period set out in Article 3;
  - Necessary, identified and verifiable
- be calculated as follows: Number of actual units x Amounts per unit

FLAT RATE COSTS
Calculated by applying the flat rate to eligible costs (25% Eligible direct costs will be indirect costs)
1. Eligible Costs

A) Direct Personnel Costs

*Standard case:* persons hired by the beneficiary via an *employment contract* (qualified as such under national law; and for whom the hiring entity pays social security contributions)

*Other cases:*

→ Natural persons hired directly via a contract other than an *employment contract* if:
  
  o They work under *hierarchical dependence* within the beneficiary structure and (in general) work at the beneficiary’s premises
  
  o The result of the work belongs to the beneficiary
  
  o The costs are similar than those of an employee of the beneficiary with similar tasks

→ Employees of a third party seconded to the beneficiary (must be set in Annex 1!)
1. Eligible Costs

A) Direct Personnel Costs

- Hours worked
- Hourly rate (EUR/hour)
- Additional remuneration

Time records
Formula for actual costs & specific unit costs

Only eligible for non-profit legal entities
1. Eligible Costs

A) Direct Personnel Costs

How to determine the Hourly Rate

- **A: general case**
  - Hourly rate calculated as defined in the model GA

- **B: if you use average personnel costs:**
  - Hourly rate calculated by the beneficiary in accordance to its usual accounting practices

- **C: if you are a SME owner without a salary or a natural person without a salary**
  - Hourly rate formula fixed by the Commission

**ACTUAL COSTS**

**UNIT COSTS**
1. Eligible Costs

A) Direct Personnel Costs

**Hourly rate** = \( \frac{\text{Personnel costs}}{\text{Productive hours}} \)

- **Personnel Costs**
  - Salaries (basic remuneration)
  - Social security contributions (employers' and employees')
  - Taxes and other costs included in the remuneration if they arise from national law or the employment contract

- **Productive hours**
  1- **1720 hours**
    you must use this option if the employment contract does not specify the working time conditions or if the "annual workable hours" cannot be determined
  2- **Individual annual productive hours**
    Formula: annual workable hours + overtime - absences
  3- **Standard annual productive hours**
    According to the beneficiary's usual accounting practices.
1. Eligible Costs

A) Direct Personnel Costs

⚠️ The annual hourly rate is to be calculated per full financial year

If the financial year is not closed at the time of reporting, the beneficiary must use the hourly rate of the last closed financial year available.
1. Eligible Costs

B) Direct costs of Subcontracting

Covers the **price paid for subcontracts** and related taxes.
- Must be declared as **actual costs**
- Be incurred for the subcontracting of action tasks **described in Annex 1**.

C) Other Direct costs

- Travel costs
- Equipment
  a) **Depreciation costs of equipment, infrastructure or other assets**
  b) **Costs of renting or leasing equipment**
- Other goods
  **Goods and services** purchased for the action.
1. Eligible Costs

**D) Indirect costs**

Indirect costs are eligible if they are declared on the basis of the flat-rate of 25% of the eligible DIRECT costs from which are EXCLUDED:
- Costs of subcontracting

**EXAMPLE:**
A public university is a beneficiary under a GA and has incurred the following costs:
- 100.000 € personnel costs
- 20.000 € subcontracting costs
- 10.000 € Other direct costs

Eligible DIRECT costs: 100.000 + 20.000 + 10.000 = 130.000 €
Eligible INDIRECT costs: (100.000+10.000) x 25% = 27.500 €

**Total ELIGIBLE costs: 157.500 €**
2. Ineligible Costs

Costs that do not comply with the conditions set out in the eligible costs:

a) Doubtful debts

b) Currency Exchange losses

c) Excessive or reckless expenditure

d) Deductible VAT

All the costs incurred before the start or after the end of the action are NOT eligible!
### Budget category transfer

#### Estimated eligible costs (per budget category)

<table>
<thead>
<tr>
<th></th>
<th>A. Direct personnel costs</th>
<th>B. Direct costs of subcontracting</th>
<th>D. Other direct costs</th>
<th>E. Indirect costs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A.1 Personnel</td>
<td>A.4 SME owners without salary</td>
<td>D.1 Travel</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A.2 Natural persons under direct contract</td>
<td>A.5 Beneficiaries that are natural persons without salary</td>
<td>D.2 Equipment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A.3 Seconded persons</td>
<td></td>
<td>D.3 Other goods and services</td>
<td></td>
</tr>
<tr>
<td></td>
<td>[A.6 Personnel for providing access to research infrastructure]</td>
<td></td>
<td>D.4 Costs of large research infrastructure</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Form of costs</th>
<th>Actual</th>
<th>Unit</th>
<th>Unit XX EUR/hour</th>
<th>Actual</th>
<th>Actual</th>
<th>Actual</th>
<th>Flat-rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(a)</td>
<td>(b)</td>
<td>(c)</td>
<td>(d)</td>
<td>(e)</td>
<td>(f)</td>
<td>(g)</td>
</tr>
<tr>
<td>Beneficiary 1</td>
<td>500.000</td>
<td>0</td>
<td>100</td>
<td>3.213</td>
<td>150.000</td>
<td>325.000</td>
<td>207.053</td>
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<tr>
<td>Beneficiary 2</td>
<td>0</td>
<td>300.000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>125.000</td>
<td>106.250</td>
</tr>
</tbody>
</table>

Calculated by applying the flat rate to eligible costs (25% Eligible direct costs will be indirect costs).
## Example Budget IA-Linked Third parties

<table>
<thead>
<tr>
<th>Partner number</th>
<th>Form of costs</th>
<th>Partner acronym</th>
<th>A. Direct personnel costs</th>
<th>B. Direct costs of subcontracting</th>
<th>C. Direct costs of financial support</th>
<th>D. Other direct costs</th>
<th>E. Indirect costs</th>
<th>Total costs</th>
<th>Reimbursement rate</th>
<th>Maximum PRIMA contribution</th>
<th>Maximum grant amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A</td>
<td>€ 339,719,00</td>
<td>€ 360,00</td>
<td>€ 60,000,00</td>
<td>€ 67,750,00</td>
<td>€ 101,867,25</td>
<td>€ 569,336,25</td>
<td>€ 100,00%</td>
<td>€ 569,336,25</td>
<td>€ 569,336,25</td>
<td>€ 569,336,25</td>
</tr>
<tr>
<td>2</td>
<td>B</td>
<td>€ 36,000,00</td>
<td>€ 21,544,00</td>
<td>€ 2.497,50</td>
<td>€ 2,000,00</td>
<td>€ 2,934,75</td>
<td>€ 20,540,63</td>
<td>€ 70,00%</td>
<td>€ 20,540,63</td>
<td>€ 20,540,63</td>
<td>€ 20,540,63</td>
</tr>
<tr>
<td>7</td>
<td>G</td>
<td>€ 12,002,50</td>
<td>€ 4,900,00</td>
<td>€ 3,500</td>
<td>€ 2,000,00</td>
<td>€ 4,868,75</td>
<td>€ 29,343,75</td>
<td>€ 70,00%</td>
<td>€ 29,343,75</td>
<td>€ 29,343,75</td>
<td>€ 29,343,75</td>
</tr>
<tr>
<td>Third party</td>
<td></td>
<td>€ 21,475,00</td>
<td>€ 2,000,00</td>
<td>€ 2,497,50</td>
<td>€ 2,000,00</td>
<td>€ 2,934,75</td>
<td>€ 20,540,63</td>
<td>€ 70,00%</td>
<td>€ 20,540,63</td>
<td>€ 20,540,63</td>
<td>€ 20,540,63</td>
</tr>
<tr>
<td>Thirdparty</td>
<td></td>
<td>€ 52,000,00</td>
<td>€ 14,225,00</td>
<td>€ 4,900,00</td>
<td>€ 2,000,00</td>
<td>€ 4,868,75</td>
<td>€ 29,343,75</td>
<td>€ 70,00%</td>
<td>€ 29,343,75</td>
<td>€ 29,343,75</td>
<td>€ 29,343,75</td>
</tr>
<tr>
<td>9</td>
<td>I</td>
<td>€ 113,000,00</td>
<td>€ 198,750</td>
<td>€ 39,750</td>
<td>€ 39,750</td>
<td>€ 162,000</td>
<td>€ 198,750</td>
<td>€ 100,00%</td>
<td>€ 198,750</td>
<td>€ 198,750</td>
<td>€ 198,750</td>
</tr>
<tr>
<td>10</td>
<td>J</td>
<td>€ 99,000,00</td>
<td>€ 142,000</td>
<td>€ 28,400</td>
<td>€ 142,000</td>
<td>€ 142,000</td>
<td>€ 198,750</td>
<td>€ 100,00%</td>
<td>€ 198,750</td>
<td>€ 198,750</td>
<td>€ 198,750</td>
</tr>
</tbody>
</table>

**A:**
- A1, A2, A3, A6
- A4, A5

**B:**
- B1, B2, B3, B4, B5

**C:**
- C1, C2

**D:**
- D1, D2, D3, D4, D5

**E:**
- E1, E2, E3, E4, E5

**Total costs**

**Reimbursement rate**

**Maximum PRIMA contribution**

**Maximum grant amount**

### Calculations

- \[ h = 0.25 \times (a + b + c + d + e + f + g + h) \]
- \[ j = a + b + c + d + e + f + g + h \]

**Total consortium**

€ 1,273,321,50

**The Linked Third Party:** 1 row

**IMPORTANT:** Profit entities max 70%!
3. Third parties

⇒ What is a third party?

A legal entity which **carries out work of the action**, supplies goods or provides services for the action, but which **did not sign the grant agreement**

⇒ What types of third parties?

1. Third parties **directly carrying out** part of the work described in Annex 1

2. Other third parties: **providing resources, goods or services** to the beneficiaries for them to carry out the work described in Annex 1
3. Third parties

⇒ What is a third party?

A legal entity which carries out work of the action, supplies goods or provides services for the action, but which did not sign the grant agreement

⇒ What types of third parties?

1. Third parties directly carrying out part of the work described in Annex 1

2. Other third parties: providing resources, goods or services to the beneficiaries for them to carry out the work described in Annex 1
3. Third parties

THIRD PARTIES IN H2020

Carrying out part of the work
- Subcontractors Art. 13
- Linked third parties Art. 14

Providing resources
- Contracts Art. 10
- Use of in kind contributions Art. 11 & 12

Calculated by applying the flat rate to eligible costs (25% Eligible direct costs will be indirect costs)
## 3. Third parties

<table>
<thead>
<tr>
<th>Types of third parties</th>
<th>Does work of the action</th>
<th>Provides resources or services</th>
<th>What is eligible?</th>
<th>Must be indicated in Annex 1</th>
<th>Indirect costs</th>
<th>Selecting the third party</th>
<th>Articles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linked third party</td>
<td>YES</td>
<td>NO</td>
<td>Costs</td>
<td>YES</td>
<td>YES</td>
<td>Must be affiliated or have a legal link</td>
<td>Article 14</td>
</tr>
<tr>
<td>Subcontractors</td>
<td>YES</td>
<td>NO</td>
<td>Price</td>
<td>YES</td>
<td>NO</td>
<td>Best value for money, avoid conflict of interest</td>
<td>Article 13</td>
</tr>
<tr>
<td>Third party providing in-kind contributions</td>
<td>NO</td>
<td>YES</td>
<td>Costs</td>
<td>YES</td>
<td>YES</td>
<td>Not used to circumvent the rules</td>
<td>Articles 11 and 12</td>
</tr>
<tr>
<td>Contractors</td>
<td>NO</td>
<td>YES</td>
<td>Price</td>
<td>NO</td>
<td>YES</td>
<td>Best value for money, avoid conflict of interest</td>
<td>Article 10</td>
</tr>
<tr>
<td>Financial support to third parties</td>
<td>Only if allowed in the call</td>
<td>The beneficiaries’ activity consists in providing financial support to the target population</td>
<td>YES</td>
<td>NO</td>
<td>According to the conditions in Annex 1</td>
<td>Article 15</td>
<td></td>
</tr>
</tbody>
</table>

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4. Report and payment requests

Calculated by applying the flat rate to eligible costs (25% Eligible direct costs will be indirect costs)

60% Pre-financing payment:
- Periodic Report
- Technical Report
- Financial Report

30% Interim payment
- Final Report
- Technical Report
- Financial Report

10% Payment of the balance

Financial guidelines
Thank you

@PRIMAPROGRAM #PRIMAInfoDay

The PRIMA programme is an Art. 185 initiative supported and funded under Horizon 2020, the European Union’s Framework Programme for Research and Innovation.

https://prima-med.org/