



A reimbursement system based on a fixed lump sum

Is it the right tool for the EU Framework Programme for research?

STUDY

Panel for the Future of Science and Technology

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Is it the right tool for the EU Framework Programme for research?

Should the EU Framework Programmes for research continue to use the recently piloted lump-sum (LS) system for reimbursement? Or is the traditional, expense-based reimbursement preferred? Those are the questions that this study aims to answer.

The idea behind LS was to simplify the reimbursement system by removing cost reporting. Instead, payments are made based on obtained results according to the agreed project plan. As a consequence, the focus would shift from financial management and cost checking to the technical and scientific content of the project.

The study has collected input from beneficiaries, EU institutions and government organisations. In total, the study contains input from 167 individuals from 29 countries, working for universities, research and technology organisations, small and large corporations, government organisations and European institutions, with varying degrees of LS experience. The collected input has been complemented by in-depth interviews with five randomly selected respondents.

The most important result of the study is that the general attitude towards the LS system is quite positive – the system is perceived as better than the traditional, at least for some funding schemes. It is perceived as simpler to use, and shifts the focus from financial management to scientific content. However, the system could be modified further to reach its full potential.

AUTHORS

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Executive summary

Background

Traditionally, the EU Framework Programmes (FPs) for research have utilised a reimbursement system based on actual expenses. This system has caused a substantial and error-prone financial reporting in which much time and effort is spent by beneficiaries, project officers and auditors on tasks that do not necessarily augment the desired scientific or technological impact.

A different system – lump sum (LS) – was therefore introduced in Horizon 2020 as a pilot running from 2018 to 2020. The idea behind LS is to simplify the research reimbursement system by removing cost reporting, and thus the need for timesheets and financial ex-post audits on costs incurred. Instead, payments are made based on obtained results according to the agreed project plan. As a consequence, the focus would shift from financial management and cost checking to the technical and scientific content of the project.

Aims of the study

Is the new system superior to the traditional one? Or has it introduced new issues offsetting the improvements? Is it suitable for all types of projects, or just some? Is there room for improvement? In short – is it the right reimbursement tool for the EU FPs for Research?

This study aimed at exploring experiences from a variety of stakeholders – beneficiaries (universities, research and technology organisations, small and large enterprises, NGOs), national government agencies, the European Commission (EC) and the European Court of Auditors – with the LS system.

Methods

The survey was based on a questionnaire (Microsoft Forms), structured in four sections:

- A. General information (Q1-6);
- B. Comparison with the traditional EU reimbursement system (Q7-10);
- C. Advantages of and concerns about the LS system (Q11-14);
- D. Other remarks (Q15-17).

Respondents' level of experience from LS projects varies from no experience at all to extensive LS project experience (e.g. project leader or project officer). The survey was followed up with in-depth interviews of five randomly selected respondents. The survey has thus aimed at collecting both qualitative and quantitative data.

To maximise the spread of the questionnaire, an invitation was sent out to the main contact person of all projects that had successfully passed an evaluation in one LS call. The invitation was distributed by the EC and contained introductory letters from the European Parliament and the contractor (RISE). The contact information was retrieved from the EC internal database, ensuring that privacy regulations were followed.

After analysing the results, five respondents who had chosen to share their names and contact details were interviewed to give a more in-depth understanding of various issues, in particular the liability issue and the increased demands of the consortium agreements.

Main findings

In total, the invitation to answer the questionnaire was sent to 1 085 scientists and research managers and 15 officers at the EC. Furthermore, the invitation was sent to four people at the European Court of Auditors. The survey received a total of 167 responses.

The LS system seems to be quite popular and is generally perceived as better than the traditional system among all stakeholders. This is mainly due to simplified processes in general, especially for the beneficiaries due to less financial reporting. Almost a third of the respondents (32 %) found the LS system generally better than the traditional system, and another 57 % found it better for some funding schemes. Only 7 % found the LS system worse than the traditional.

Removal of the financial audit and the overall lessened administrative burden are also appreciated by the beneficiaries. Most respondents (71 %) also agreed that the LS system shifts the focus from financial management to technical content of their projects.

However, the LS system has some other effects. The system could lead to a shift in workload rather than only simplifying processes. It seems to cause a shift in administrative workload for the EC and its agencies, with a higher initial workload e.g. for project officers and evaluators, but less work as the projects evolve. This pattern also appears to apply to beneficiaries, who need to spend more time on initial work package (WP) design, budget planning and consortium agreement negotiations. However, once the grant agreement (GA) is signed, the administrative workload seems to diminish. These effects can be considered positive or negative, depending on the individual work situation.

This study has also identified several challenges and issues of the LS system. The main challenge for beneficiaries of LS projects seems to be the joint liability of work packages, where no partner will get paid unless the work package is completed and all milestones are met. The LS system thus requires higher trust between partners, which could at first glance be regarded as something inherently good. However, this also has some adverse effects, including: i) less collaboration between consortium partners due to liability issues, since this risk is often mitigated by separating WPs among the partners; ii) higher threshold for new beneficiaries to enter the system, due to a lack of trust, as project coordinators tend to form their consortia with previously known partners rather than letting new partners into the system; iii) overly simplified deliverables to ensure reaching of the goals.

A common request among beneficiaries is to create some flexibility in the funding scheme. This is often linked to the rigidity of WP design, and is requested to avoid risks such as liability issues, required resource allocation or not putting in extra effort to achieve more than promised. It is worth mentioning that some respondents suggested a hybrid model where certain WPs or actions are LS-funded, e.g. low-risk activities, project management or travel expenses, whereas high-risk activities could be funded with the traditional model. Activities at high technology readiness level (TRL) are generally considered as having less risk compared to those on low TRL.

The interviews made it clear that organisations which had made strategic choices regarding work package design, project consortium, etc., had mostly positive experiences. However, it was also clear that a lot of respondents found it more difficult to design suitable projects and to reach a consortium agreement. Whether this was due to a lack of guideline material, unclear descriptions, or difficulty finding this information is hard to say.

Two interviewees raised the risk of the LS system creating pricing competition rather than scientific or technical excellence. However, this issue is not supported by survey responses as these are mainly uncertain or neutral in this regard. Whether or not the LS system is a better use of taxpayers' money than the traditional system is also a question to which this analysis cannot provide a definite answer.

Policy options

Based on the answers from the survey and the interviews, four policy options have been developed:

Policy option 1: Return to the traditional system

This option seems to be undesirable, since the LS system appears to have met its objectives of simplification and stronger focus on scientific and technical content of the projects.

Policy option 2: Use the LS system for the entire Horizon Europe programme

This option also seems to be unsuitable, since it would jeopardise the overall quality of the research results. The current LS system has three main drawbacks: i) risk of less collaboration within the consortia due to liability issues, which leads to the separation of WPs to mitigate the risk; ii) higher threshold for new beneficiaries to enter the system due to lack of trust, since project coordinators tend to form their consortia with previously known partners rather than letting new partners into the system; iii) deliverables tend to be described in an overly simplified way, to ensure that the goals of each WP are reached.

Policy option 3: Modify the LS system

An alternative policy option would be to modify the LS system to minimise the drawbacks of risk of less collaboration within the consortia and raising the threshold for new beneficiaries, and of overly simplified deliverables. These modifications could include additional support from the EC, primarily from the project officers. The support could e.g. consist of guidelines, templates and examples for WP design and for consortium agreement negotiations. In project calls, clear recommendations to potential applicants about the risks and benefits of LS should be stated and possible mitigation strategies in planning should be made available. This would allow beneficiaries to make strategic choices and therefore create a project design that is suitable for their scope, including consortium members and consortium sizes.

Since the LS system includes a WP liability issue, the system is more difficult for new entrants than the traditional system. Such newcomers need encouragement from the EC and from seasoned beneficiaries to mitigate the perceived trend that many grants are awarded to the same beneficiaries year after year.

One example of possible flexibility could be to match the level of reimbursement with WP progress. A WP fulfilled to 80 % could e.g. render an 80 % reimbursement.

Policy option 4: Implementation of a blended system

The LS could be used for a broad range of funding schemes and diffusion should be investigated further. The EC should also evaluate the possibility of implementing LS in a hybrid-funding scheme, where certain WPs or actions are LS-funded. This could potentially aid projects with less certain outcome of using the LS system to still gain some of the funding scheme's benefits.

A project starting at low TRL with high research ambitions, i.e. high risk, could serve as an example. In such projects, the outcomes are notoriously difficult to predict, thereby tempting the beneficiaries to curb the expectations of some WPs, to make sure that each one will reach its goals. For such WPs, the traditional model would be preferable, from the beneficiaries' point of view. Other parts of such a project could be more predictable, and thus more suitable for LS, e.g. WPs dominated by costs for travelling or access to infrastructure such as laboratories or equipment.

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List of abbreviations

CSA	Coordination and Support Action
EC	European Commission
EIC	European Innovation Council
ERC	European Research Council
EU	European Union
FP	Framework Programme
GA	Grant Agreement
GDPR	General Data Protection Regulation
IA	Innovation Action
JU	Joint Undertaking
H2020	Horizon 2020
HE	Horizon Europe
MSCA	Marie Skłodowska Curie Action
RIA	Research and Innovation Action
RTO	Research and Technology Organisation
TRL	Technology Readiness Level
LS	Lump Sum
WP	Work package

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1. Introduction

1.1. Description of the lump-sum system

Traditionally, the European Union (EU) has used cost-based reimbursement systems for its Framework Programmes (FPs) for research and innovation, where payments to the beneficiaries are made periodically based on reported costs from projects. These systems bring about a considerable administrative burden to the project participants, project coordinators and the European Commission (EC). Cost claims are subject to a detailed set of rules with which beneficiaries are not always familiar. Project audits often reveal costs that are incorrectly claimed, which can have serious consequences. The recovery of incorrect payments from the project participants can lead them to feel uncertain and insecure about their work.

By using a result-based reimbursement system instead of the aforementioned one, the ambition has been to simplify the process by instead following up the achieved results after each reporting period. Payments have then been made as a pre-defined lump sum (LS), based on achieved results or finished work packages. This should minimise the need to track, compile and report numbers and costs throughout the project, which will not have to be confirmed by audits. The result should include less budget administration during the project period and more focus on the scientific research content and quality of the project.

To test the implementation of LS grants, two pilot LS calls have been carried out by the EC for the Horizon 2020 (H2020) Work Programme 2018-2020¹. The pilots consisted of 16 topics in the H2020 work programmes, covering all main types of grants, and grants of different sizes and complexity, from small to up to 10 million Euro. The EC has received more than 1500 proposals in these pilots and signed more than 400 LS grants. The LS has been stated in the Grant Agreement (GA) and defined for each work package and beneficiary. This amount has been paid by the EC at the end of the reporting period, when the activities in the work package have been implemented in accordance with the GA. The pilot implementations are being evaluated by the EC as this report is written.

According to the EC, the evaluation criteria for choosing LS projects have been the same as for other H2020 projects. This is stated in the Main principles of the LS¹. Experts have assessed the quality of the proposals in terms of scientific and technological excellence, expected impact, and quality and efficiency of implementation. Experts with the necessary financial experience have also checked the budget estimate and judged whether the proposed resources and the split of LS shares allow for the completion of the activities and achievement of the expected outputs. Based on the experts' recommendations, the cost items can be adapted and the LS breakdowns modified accordingly in grant preparation.

The EC intends to use more instances of simplified forms of cost in the Horizon Europe (HE). However, the extent to which LS-based projects will be supported and where they may be best suited will depend on a full analysis of the pilots currently underway. This study will serve as input to that decision.

1.1.1. Advantages of LS

The EC mainly points out the potential of the LS-simplifying processes in removing cost reporting and financial audits. Also, it is regarded as positive to shift the focus to scientific and technical content as well as to obtain results rather than financial aspects. Arguably, this creates better use of taxpayers' money (Table 1). A survey conducted by EARMA 2018 showed that participants believed reporting would be easier, and that an LS approach will make H2020 and HE more accessible to a broader group.³

Table 1. Characteristics of lump sum in brief

- LS removes all obligations for actual cost reporting and financial ex-post audits.
- LS shift the focus to scientific content rather than financial aspects.
- LS share by work package and beneficiary is fixed in the GA.
- Payment is carried out upon completed work packages at the end of the reporting period.

1.1.2. Concerns about LS

Several concerns have been identified with the LS approach, many of which have been raised by associations and organisations in Europe (Table 2). These are mainly connected to the shift in administrative activities, the need for changes in activity planning, the possibility of failed activities affecting subsequent ones economically, reduced transparency in consortium financial management, risk of actual costs over-shooting received payments to enable grants to be received at all, etc. Some of the raised concerns of the LS approach include:

- The nature of the work packages may need to change: more work packages with fewer tasks and partners over shorter periods of time. However, such changes will not tackle the problems that may arise with work inter-dependent packages.³
- The LS approach may increase the complexity of the evaluation process. Both financial and technical expertise will be required to assess proposals. Evaluators will have to be technical experts in the relevant research field, as well as be able to assess the estimation of costs and make sure that the appropriate resources are attributed to a project.⁴
- The grant preparation phase may become more complex, potentially requiring more time and effort, e.g. in negotiations over the amount and schedule of payments. It requires the project officer responsible for the approval of the work packages to understand and follow the technical aspects of the project as well as the financial reasonability of the WPs.^{5,6}
- Given the intrinsic uncertainty of research, payment cannot be based on research results as these are unpredictable by nature. Payment needs to be based on work package completion with clearly defined criteria against which it can be proven that the work package activities have been fully completed.⁷
- It creates more need for trust within the consortium, which can create difficulty in developing broad and strong consortia^{3,11}.
- Some work packages may run throughout the total lifetime of a project, especially coordination and dissemination work packages. Partners active in those work packages could be negatively impacted due to delayed cash flow in LS financing.⁷
- Inequality between different organisations can be created based on the need for reoccurring payments or due to differences in actual costs in relation to output.
- The risk of focusing on achieving the minimum necessary results to receive LS payout, and reduced transparency of costs and resource use^{8,11}.

Based on these concerns, a new monitoring progress procedure may be needed to optimise project performance. The current procedure, as described in the Model GA, is focused on the financial progress and other administrative parts of the process, whereas what is needed is rather a procedure that focuses on the scientific and technical content.

Closer and more frequent interactions between the coordinator and the project officer may also be needed to adapt the project when necessary..

Table 2. Concerns of lump sum in brief

- The LS approach may increase the complexity of the evaluation process.
- The grant preparation phase may become more complex.
- More interactions between the coordinator and the project officer may be needed.
- The payment needs to be based on work package completion: defined criteria should be used to demonstrate that the work package activities have been completed.
- The project officer should have the knowledge to understand the technical aspects of the project.
- Extra effort may be required from the coordinator in case of conflicts with underperforming partners.
- It remains to be clarified what the EC audit policy will be around this new approach.

1.1.3. Aim of study

The study aimed at collecting qualitative and quantitative data about LS system pilot experiences, evaluating the benefits and limitations of this reimbursement system from various perspectives. The main methods have been an anonymous online survey and interviews, to allow for both qualitative and quantitative data collection.

2. Methodology and resources used

2.1. Background

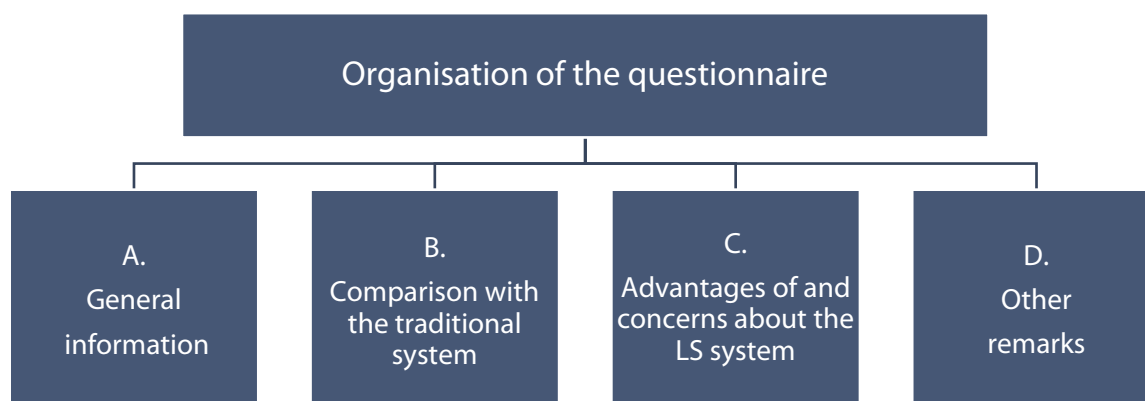
The study consisted of interviews (qualitative data) and a questionnaire (quantitative data). The preparation was done in the end of 2020. Data collection was done from February to March 2021. In preparation for the study, the RISE team interviewed six in-house colleagues with varying familiarity to the LS system – three researchers, two individuals involved in research support and application writing, and one policy expert, as well as two EC staff members who collaborated in defining the LS system. These interviews complemented the team’s insight and knowledge of the LS system, and gave important input on the design of the questionnaire.

2.1.1. Questionnaire design

The questionnaire was based on the project description requested by STOA, modified with input from the aforementioned interviews. Most questions were designed for quantitative data, e.g. asking for ratings or pre-defined choices. For these questions, respondents were asked to provide answers on a Likert scale of 5 points, ranging from ‘completely agree’ to ‘completely disagree’. The questionnaire also included a few open questions, to make it possible to pick up reflections. The questionnaire was set up using Microsoft Forms. This tool was chosen because: i) it offers a lot of freedom regarding question structure and response functions; ii) it has a user-friendly interface allowing for quick analytics; iii) Microsoft complies with GDPR requirements⁹.

The questionnaire was structured in four sections: A. General information: Q1-6; B. Comparison with the traditional EU reimbursement system: Q7-10; C. Advantages and concerns of the LS system: Q11-14; D. Other remarks: Q15-17.

Diagram 1: Questionnaire organisation.



The first section contained general information questions. The second section contained questions comparing the LS system with the traditional EU grant system. The third section dealt with advantages and concerns of the LS system, and the fourth contained other remarks. The groups ‘Small or Medium Sized enterprise’ and ‘Large enterprise’ were defined based on the EU definitions¹⁰ and were described by respondents in the questionnaire.

The setup was designed such that the respondent would begin by pondering the differences between LS and the traditional system before going into the advantages and concerns. The first question in section B (Q7) is: ‘In comparison with the traditional EU reimbursement system, do you

believe that a LS system is: Better, worse, for some funding schemes, equal'. This was asked early on to get an initial response, since the subsequent section might make the respondent a bit biased, or at least more analytical. It was therefore interesting to compare this question with an index based on the statements in section C, or with Q14: 'Do you in general feel positive or negative to the EU implementing LS grants?''.

The questionnaire was discussed with the STOA supervisor before distribution, and the final survey can be found in Annex A. To evaluate the questionnaire, a pilot was conducted in January 2021. The pilot consisted of sending the questionnaire to five identified stakeholders in the target group, asking them for input on the questionnaire while also answering the questions. Since the input received only concerned 'cosmetic' issues, e.g. typos and colours, no changes were made to the questionnaire that would affect the data collection. Those answers are included in the final dataset.

2.1.2. Reaching the target group

The questionnaire target group were people with a certain knowledge of LS funding from H2020 projects, with or without personal experience on the LS system. This target group included a variety of workplaces, roles, ages, genders and countries. Targeted countries included all countries eligible for H2020, including non-Member States.

To maximise the spread of the questionnaire, the EC provided help by distributing it to a list of beneficiaries of H2020 projects, adding two introductory letters, one designed by the RISE team and one letter of endorsement supplied by STOA.

The invitation was sent out to the main contact person of all projects that had successfully passed an evaluation in calls which apply the LS system. One invitation was sent to the main contact person, so there was no selection – all LS grants were invited to participate in order to eliminate any bias. The contact information was retrieved from the EC internal database, ensuring that privacy regulations were followed. In total, an invitation to answer the questionnaire was sent to 1080 scientists and research managers through this channel.

Upon the RISE team's request, the EC also sent the invitation to people within the Commission, agencies and the Joint Undertakings (JUs). In total, 15 people were invited to answer the questionnaire in this way. Furthermore, the invitation was sent to four additional people at the European Court of Auditors, whose names had been received by the RISE team upon request.

2.1.3. Ethical considerations

All respondents were anonymous in the questionnaire. They were given the option to include their email addresses for follow-up questions, but this was not mandatory. These email addresses were extracted from the data set and handled separately, ensuring that no response could be tied to any individual.

2.2. Data and analysis

At the end of the response collection, the data was downloaded in raw format (Microsoft Excel) and the contact information (Q17) was separated from the other responses, together with a copy of the responses from section A. This was then saved in a different order from the original. The reason for handling data in this way was to take away the possibility to associate answers to known respondents, while ensuring the ability to select contacts depending on e.g. workplace or role.

The quantitative data was initially analysed using the analytics of Google Forms, and in-depth analysis, statistical analysis and visualisation was made using R (v.4.0.2) and RStudio (software and programming language for statistical computing and graphing). Statistical models used for

analysis were ANOVA (categorical-categorical response comparison) and the Fisher test (categorical-numerical response comparison).

Free response questions were all read thoroughly, and a list of individual themes was made to go over the concerns and values of the LS. The responses were discussed within the RISE team to find common responses and overall comments, and to compare to the quantitative findings. The free responses were mainly used to pick up on any divergences from the quantitative responses and to give some insight and in-depth analysis to them.

To get a further in-depth aspect of the responses, five interviews were carried out to discuss the results. The interviewees were selected from the list of contacts with the aim of representing the broad group of respondents. Therefore, names were randomly picked from within the following groups: one EC administrator, one researcher with experience as a coordinator, one representative of SME, one representative of a large enterprise, and one grants office/writing consultant from a research and technology organisation.

3. Results

In total, 167 survey responses were provided. Of the 1080 scientists and research managers contacted, 153 responded (14.2% response rate). The 15 people at the EC, agencies and JUs contributed with 11 responses (73.3%). Four people at the European Court of Auditors also responded.

3.1. Section A: General information

In the first section, general data about respondents’ age, gender, professional role and workplace location was collected. It also included a question on the amount of respondent experience with the LS system. Age groups and genders are shown in Figures 1 and 2.

Figure 1 : Age distribution amongst respondents (Q1)

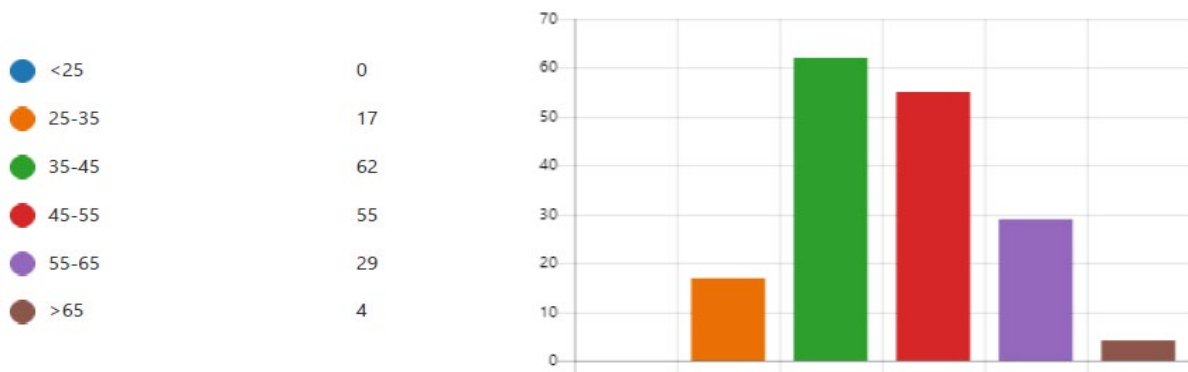
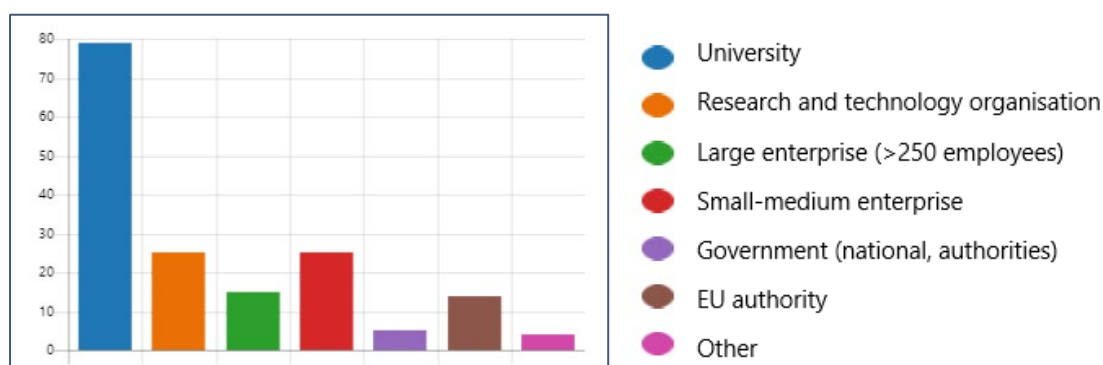


Figure 2 : Gender breakdown of respondents (Q2)



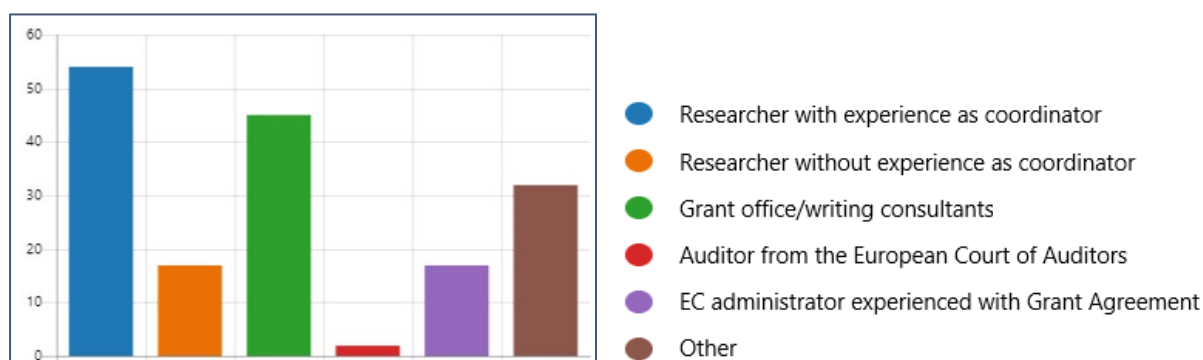
The distribution of respondents’ type of workplace (Q3) is shown in Figure 3. Although answers from university employees dominate, it is clear that all the other targeted groups are also represented, i.e. research and technology organisations, large enterprises, small and medium size enterprises, governments (national authorities, etc.) and EU authorities. The group ‘Other’ contains NGOs and non-identified workplaces.

Figure 3 : Workplace of respondents (Q3)



In Q4, respondents were asked for their role in the funded projects. The answers indicated in Figure 4 show that researchers are well represented and that this group is dominated by people with coordinator experience. Grant office/writing consultants are also well represented, as are EC administrators with GA experience. The smallest group, auditors from the European Court of Auditors, consists of 4 respondents.

Figure 4 : Role of respondents in the funded projects (Q4)

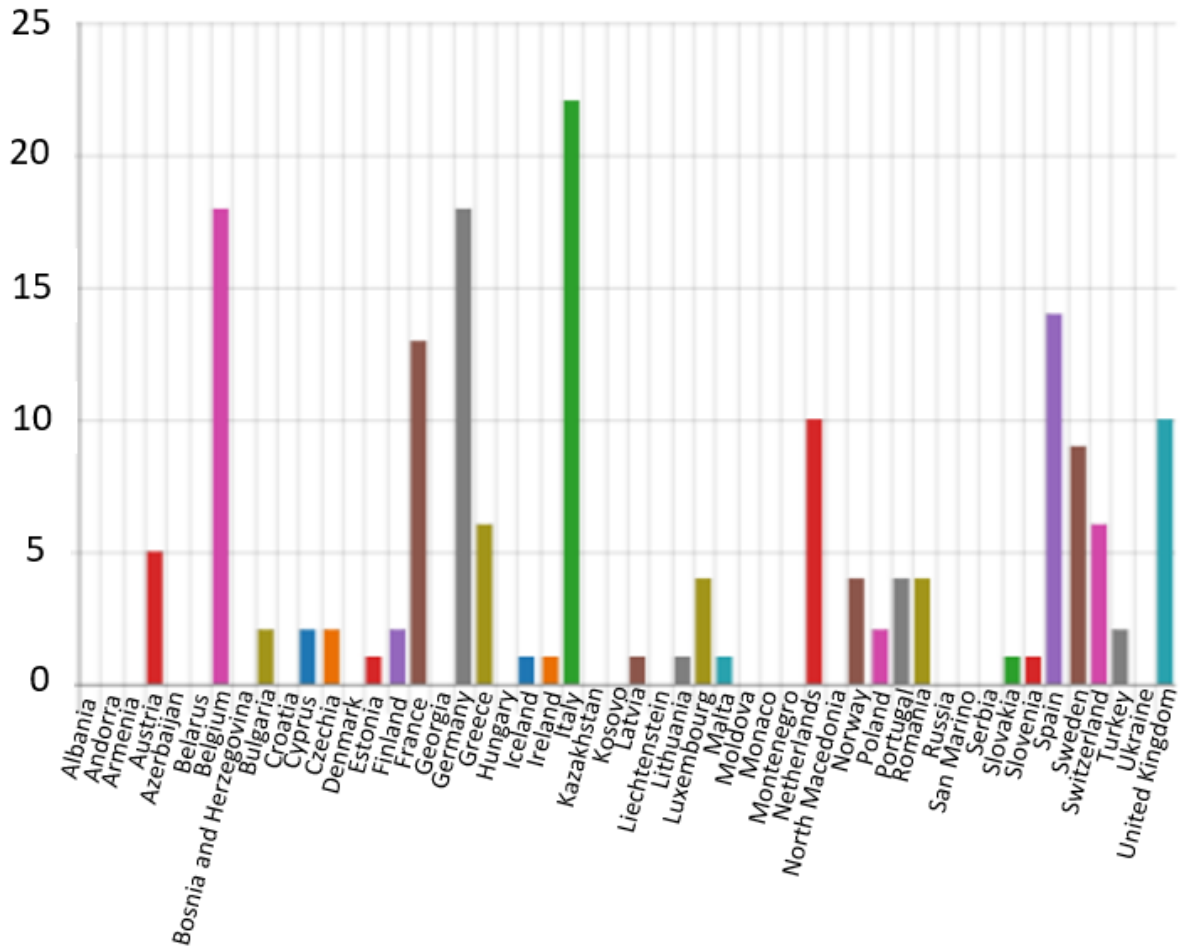


In Q5, respondents were asked on the location of their workplaces. The answers demonstrate that 29 countries are represented among respondents, including all EU Member States but Denmark and Hungary. Most answers came from Italy, with Belgium, Germany, Spain and France also being well represented. Amongst non-Member States, the UK is well represented, as well as Switzerland and Norway. Countries with only one respondent include Chechia, Estonia, Iceland, Ireland, Latvia, Lithuania, Malta, Slovakia and Slovenia.

Figure 5 shows the distribution of respondents per country.

Figure 5 : Location of respondents' workplaces (Q5)

(Expressed as number of respondents per country.)

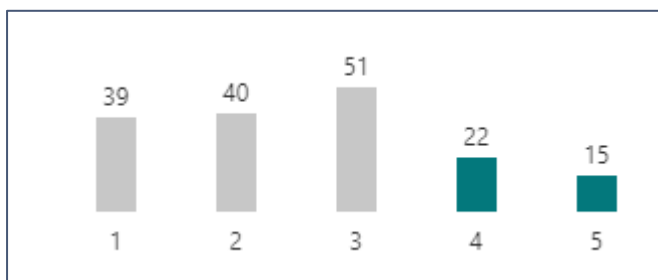


In Q6, respondents were asked to indicate how much experience they had with the LS system, on a scale from 1 to 5 (where 1 indicated no experience and 5 indicated high experience). The answers averaged at 2.6.

This distribution is shown in Figure 6.

Figure 6 : Estimation of LS experience (Q6)

(Where 1 is 'no experience' and 5 is 'high experience'. The figure indicates that a minority of respondents had high experience with the LS system).

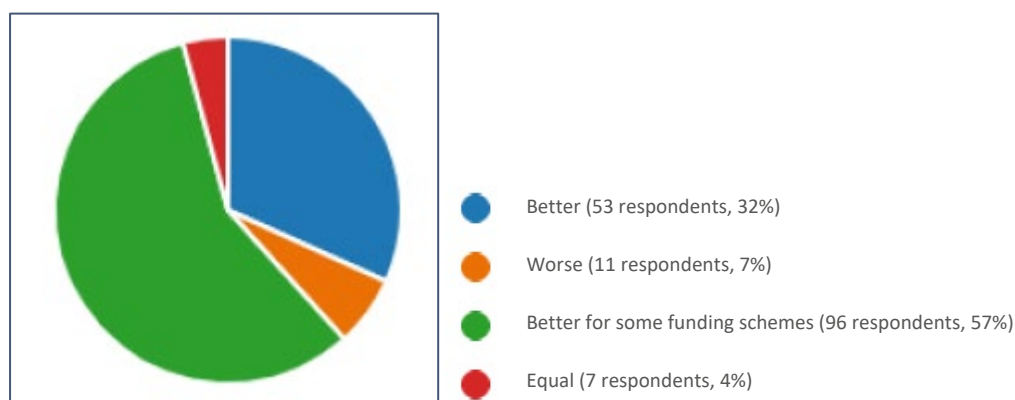


3.2. Section B: Comparison with the traditional EU grant system

In this section, four questions were asked in order to: i) understand the attitude among respondents towards the LS system compared to the traditional EU grant system (Q7); ii) understand if there were any particular funding schemes that respondents believed to be more or less suited for LS (Q8 and Q9), and iii) investigate whether respondents would have other specific aspects besides the funding scheme in order to determine whether a project would be suitable for use with a LS grant system (Q10).

Q7 read: 'In comparison with the traditional EU reimbursement system, do you believe that a LS system is...', with four alternative answers: 'Better', 'Worse', 'Better for some funding schemes', and 'Equal'. The results shown in Figure 7 indicate a generally quite positive attitude towards the LS system. Almost one third of respondents said it was generally better, and an additional 57% said that it was better for some funding schemes. Only 7% considered it worse, with 4% finding the systems equal.

Figure 7 : Attitude towards LS system compared with traditional system (Q7)



In Q8, respondents were asked about the LS systems' suitability for various funding schemes – Research and Innovation Actions (RIA), Innovation Actions (IA), Coordination and Support Actions (CSA), Marie Skłodowska Curie Actions (MSCA), European Research Council Grants (ERC) and European Innovation Council Grants (EIC). The answers, as indicated in Figure 8, show that suitability seems to be conceived as fairly equal among the selected schemes, with a slight favour towards MSCA.

A RIA is an action primarily consisting of activities aiming to establish new knowledge and/or to explore the feasibility of a new or improved technology, product, process, service or solution. They may include basic and applied research, technology development and integration, testing and validation on a small-scale prototype in a laboratory or simulated environment. The funding rate for RIAs is 100%.

An IA is an action mainly consisting of activities aimed at directly producing plans, arrangements and designs for new, altered or improved products, processes and services. For this purpose, they may include prototyping, testing, demonstrating, piloting, large-scale product validation and market replication. The funding rate is 70%, except for non-profit entities, where 100% funding applies.

A CSA is an action that consists of accompanying measures such as standardisation, dissemination, awareness-raising and communication, networking, coordination or support services, policy dialogues and mutual learning exercises and studies. CSA design studies for new infrastructure and

may also include complementary activities of strategic planning, networking and coordination between programmes in different countries. The funding rate for CSA is 100%.

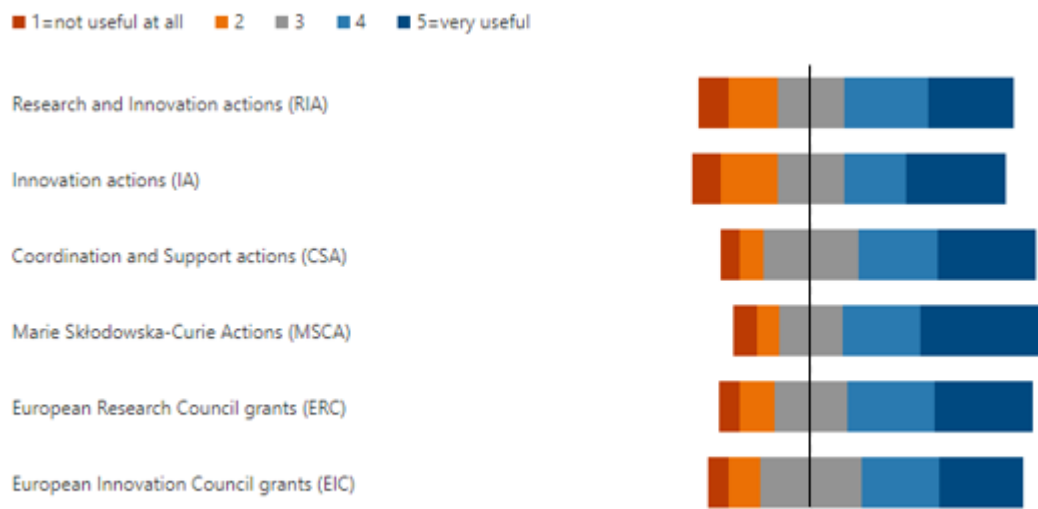
The MSCA provide grants for all stages of researchers' careers - be they doctoral candidates or highly experienced researchers - and encourage transnational, intersectoral and interdisciplinary mobility. The MSCA enable research-focused organisations (universities, research centres, and companies) to host talented foreign researchers and to create strategic partnerships with leading institutions worldwide.

The ERC grants support projects carried out by an individual researcher who can employ researchers of any nationality as team members. It is also possible to have one or more team members located in a non-European country.

The EIC grants support breakthrough technologies and game changing innovations to create new markets and scale them up internationally. Both research teams and small to medium sized enterprises can apply for grants.

Figure 8 : LS systems suitability for various types of funding schemes (Q8)

(Responses to the right of the vertical line find the LS system useful, those to the left do not.)



In Q9, respondents were asked to indicate if they could suggest any other funding schemes where the LS system could be useful. Only 40 respondents gave an answer to this question, and 16 mentioned specific funding schemes. The answers were given as free text. The most common answer to Q9 was Cofund actions (7 respondents) and Erasmus+ (3 respondents). Other funding schemes mentioned were procurement actions, European Defence Fund, EIC Accelerator, LIFE, and 'all projects under 1 million euro'.

In Q10, respondents were asked for any other specific aspect that could determine if a project would be suitable for the LS system. The answers were given as free text here as well. 'Project scope' and 'number of partners' or 'size of the consortium' were the most common answers to this question. The answers indicate that respondents believe that the LS system is more suitable for projects with a clear scope or objective, with a small number of partners in the consortium. Multi-step projects with long completion times linked to subsequent or parallel tasks seem to be better suited for the traditional funding scheme. 'Work package design' is also mentioned as an important aspect by several respondents. The frequent mentioning of work package design indicates that respondents are strongly aware of the liability issue connected to the LS system, i.e. that a work package must be fully completed to be reimbursed.

It is also worth noting that, for a small number of respondents, the LS system could be applied to all kinds of projects. For a full list of answers to Q9 and Q10, please see Appendix B.

3.3. Section C: Advantages of and concerns about the LS system

The four questions in this section (Q11-14) were asked to comment on whether they agreed or disagreed more with any particular aspect or possible consequence of implementing an LS system respondents and to find opportunities for improvements.

In Q11, respondents were asked to indicate how well they agreed to a set of statements on the LS system. For this question, 1 person indicated 'completely disagree' and 5 'completely agree'. Results are shown in Figure 9, and the statement endings at the left were started with 'The LS system... ', which together create a full question to respond to. The list of questions mixed conceived advantages with conceived concerns. This mixture was designed intentionally in order to encourage respondents to ponder on each question, rather than finding all advantages in the beginning and the concerns at the end (or vice versa). The statements were:

Q11a: LS creates simplified processes

Q11b: LS takes away the need of a financial audit

Q11c: LS leads to less administration for the beneficiary

Q11d: LS leads to less uncertainty regarding the budget

Q11e: LS shifts focus from financial management to scientific and technical content

Q11f: LS creates better use of taxpayers' money

Q11g: LS requires more trust between project partners

Q11h: LS leads to competition on pricing rather than excellence, impact and quality of consortium

Q11i: LS creates difficulty defining work packages

Q11j: LS creates more complex evaluation processes

Q11k: LS creates more complex grant preparation

Q11l: LS requires new monitoring processes

Q11m: LS makes it difficult to adapt projects when necessary

Q11n: LS increases demands on EC project officers

Q11o: LS requires a new procedure for disagreement arbitration

Q11p: LS puts a higher demand on consortium coordinators

Q11q: LS requires clearer sub-contracting needs

Q11r: LS requires a new audit policy

As can be seen in Figure 9, some of the questions resulted in clearer responses than others. The respondents mostly agree to certain statements, most clearly Q11e: *'The LS system shifts focus from financial management to scientific and technical content'* and Q11g: *'The LS system requires more trust between project partners'*. The statement in Q11l (*'the LS system requires a new monitoring process'*), was also agreed upon to a great extent by respondents, as was the statement in Q11a (*'the LS system creates simplified processes'*).

The strongest disagreements were found to the statements in Q11h: *'The LS system leads to competition on pricing rather than excellence, impact and quality of consortium'*, and Q11j: *'The LS system creates more complex grant preparation'*.

A detailed breakdown of the answers to Q11 can be found in Table 3.

Figure 9 : Answers to the statements starting with 'The LS system...' (Q11)

(Responses to the right of the vertical line indicate agreement, responses to the left indicate disagreement.)

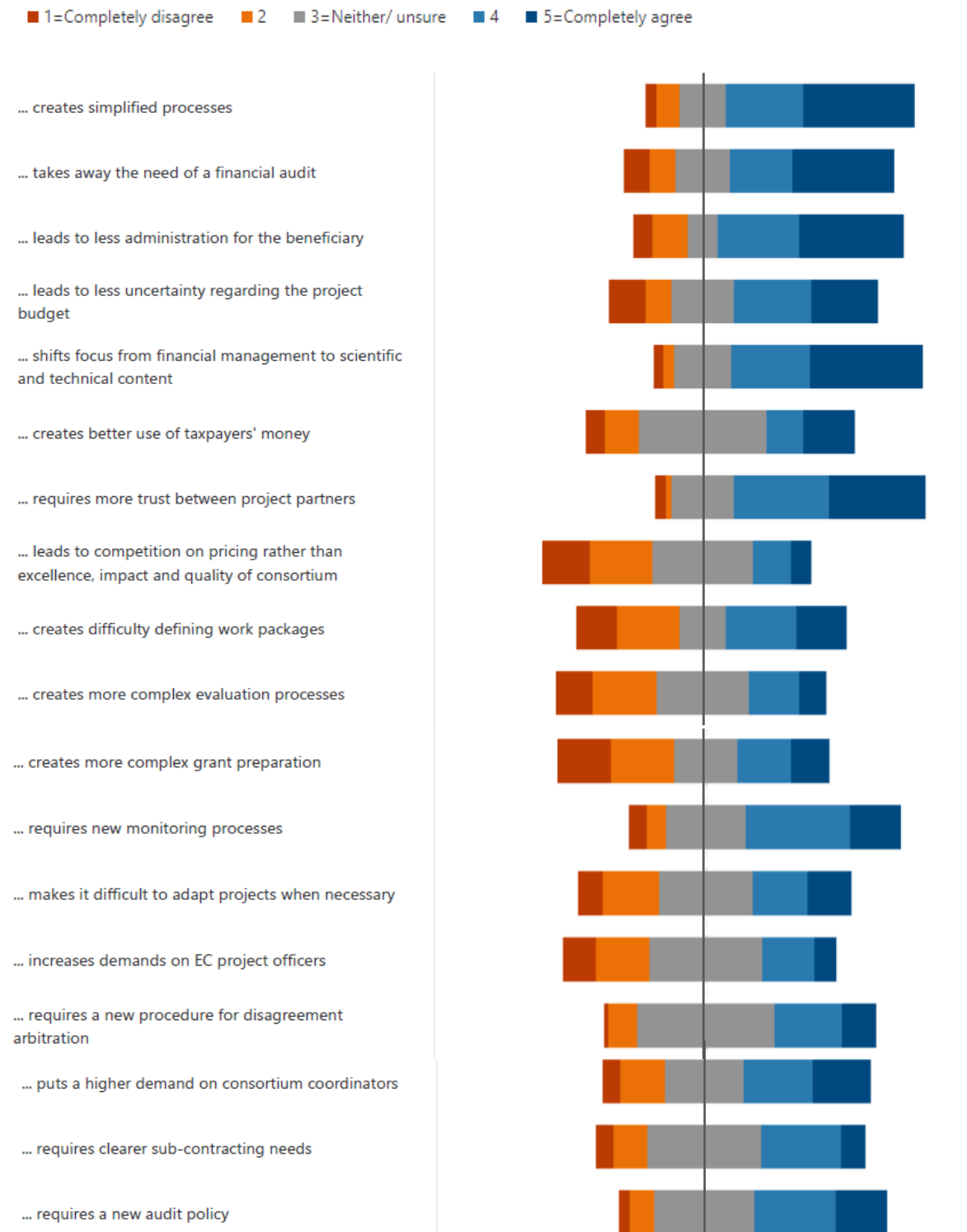


Table 3. Breakdown of answers to Q11 expresses as percentages.

Statement	1=Completely disagree	2	3	4	5= Completely agree
a	4.2	8.4	17.4	28.7	41.3
b	9.6	9.6	19.8	23.4	37.7
c	6.6	13.2	11.4	29.9	38.9
d	13.8	9.6	22.8	28.7	25.1
e	3.6	4.2	21.0	29.3	41.9
f	7.2	12.6	47.3	13.8	19.2
g	3.6	2.4	22.8	35.3	35.9
h	18.0	22.8	37.7	13.8	7.8
i	15.0	23.4	16.8	26.3	18.6
j	13.2	24.0	34.1	18.6	10.2
k	19.8	23.4	22.8	19.8	14.4
l	6.6	7.2	29.3	38.3	18.6
m	9.0	20.4	34.7	19.8	16.2
n	12.0	19.8	41.3	19.2	7.8
o	1.8	10.2	50.9	24.6	12.6
p	6.6	16.8	29.3	25.7	21.6
q	6.6	12.6	41.9	29.9	9.0
r	4.2	9.0	37.1	30.5	19.2

The other three questions in this section were free response questions asking for other identified consequences of implementing the LS system (Q12), suggestions for how LS projects should be carried out (Q13) and whether the respondent generally felt positive or negative toward implementing LS (Q14).

For Q12 (Have you identified any other consequences of using a LS system?), there were 61 substantial answers. A minority of these answers mentioned positive consequences, among these comments like *'less administration'*, *'shift of focus from financial process'*, *'clearer cash flow projection'* and *'less competition for funding'*.

One respondent was extremely positive, saying that: *'I sincerely hope it will be implemented for all IA and RIA projects. The saving in time, attention and effort previously allocated to superfluous administration and bureaucracy, is enormous. The LS was a real relief for us, without any detriment to the quality of our research work, on the contrary!'*

Among the negative consequences mentioned, most answers were focused on the increased complexity of consortium agreement and WP design. Several other answers underlined the increase

in workload for the project coordinator, *'because they get less input about resources spent'* as one respondent phrased this challenge.

Other respondents stressed the importance of proper assessment: *'LS reduces financial errors but increases risks related to fraud. A very strong focus on performance assessment is therefore needed'*.

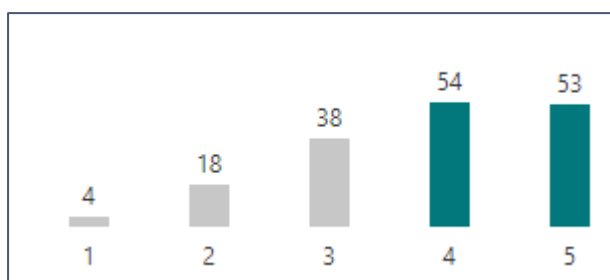
In Q13, respondents were asked for suggestions or requests on how LS projects should be carried out. Out of 167 respondents, 62 gave substantial answers to this question. Most of these answers suggested more clarity and more guidelines from the EC about the GA process and payment procedures. *'More guidance for coordinators, also for setup of consortium agreements'* was one suggestion, and *'Periodic payment for WPs that last during the full duration of the project would be a more efficient way to manage the project budget'* was another. Several respondents asked for more and simpler templates.

The full list of free text responses can be found in Annex B.

In Q14 ('Do you, in general, feel positive or negative to the EU implementing LS grants?'), answers averaged at 3.8, thus reinforcing the positive attitude expressed in Q7. It is worth noting that 107 out of the 167 respondents expressed positive feelings regarding the implementation of LS grants.

Figure 10 : Feelings toward LS implementation (Q14)

(A small minority answered '1' indicating a very negative feeling, whereas 53 respondents answered '5' indicating a very positive feeling).



3.4. Other remarks

The final section of the questionnaire contained three questions. The most important was Q15, where respondents were asked to elaborate on any question asked or share any complementary information they thought could contribute to this survey. Of the 167 respondents, 34 gave substantial answers to this question. A small number of these answers showed a very positive attitude, e.g. *'I think the LS is a really good idea as it makes beneficiaries really think about their work package structure more than just stating it in a generic way.'*

Most answers had a more negative tone. Some reiterated previous free text answers about complexity of GAs, inflexibility of WPs and project management workload. *'In theory it looks great. In practice the negative impact on consortium dynamics outweighs the perceived benefits of a lump-sum funding arrangement'* was one typical comment. Increased support for GA was frequently mentioned.

Q16 and Q17 were functional: they were intended to contact a few experts in order to better elaborate the results of the questionnaire.

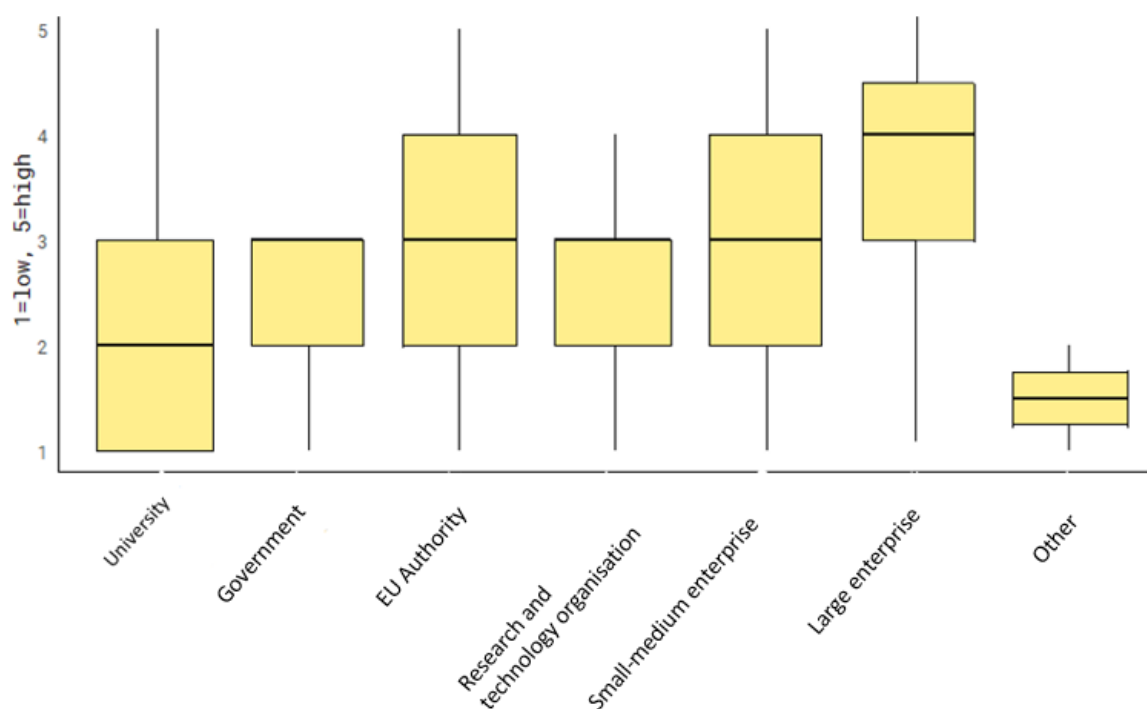
4. Additional result analysis

This chapter includes early analysis results, where strata of the dataset are presented in detail and some questions from the survey are paired to get a deeper understanding of the results. The statistical analysis of the comparisons all showed non-statistically relevant results, apart from the comparison between Q14 and Q4 (Figure 16). This can be due to the groups compared being rather small, or even unequal in size.

4.1. Experience

LS is a relatively new system, so it would make sense to analyse the variation of experience between the groups. Figure 11 indicates that universities and research institutes have slightly less experience than corporations. The data is gathered from Q3, where respondents described their workplace, and Q6, where they were asked to grade the experience they had with the LS (the average of all results was 2.6).

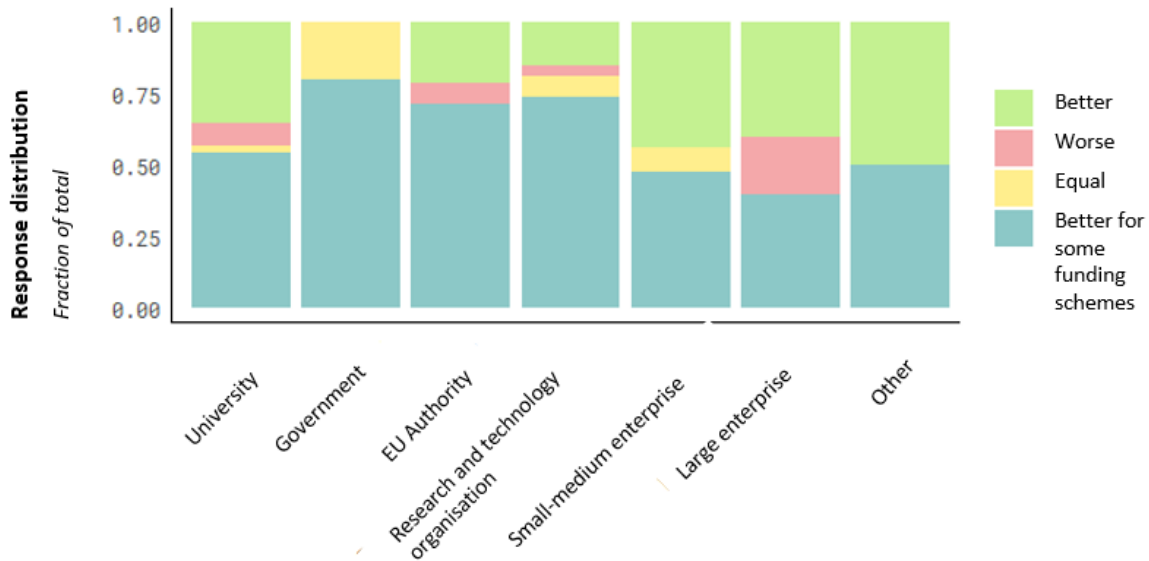
Figure 11: Experience estimation (Q6) pooled by workplace (Q3)



4.2. Comparison with the traditional reimbursement system

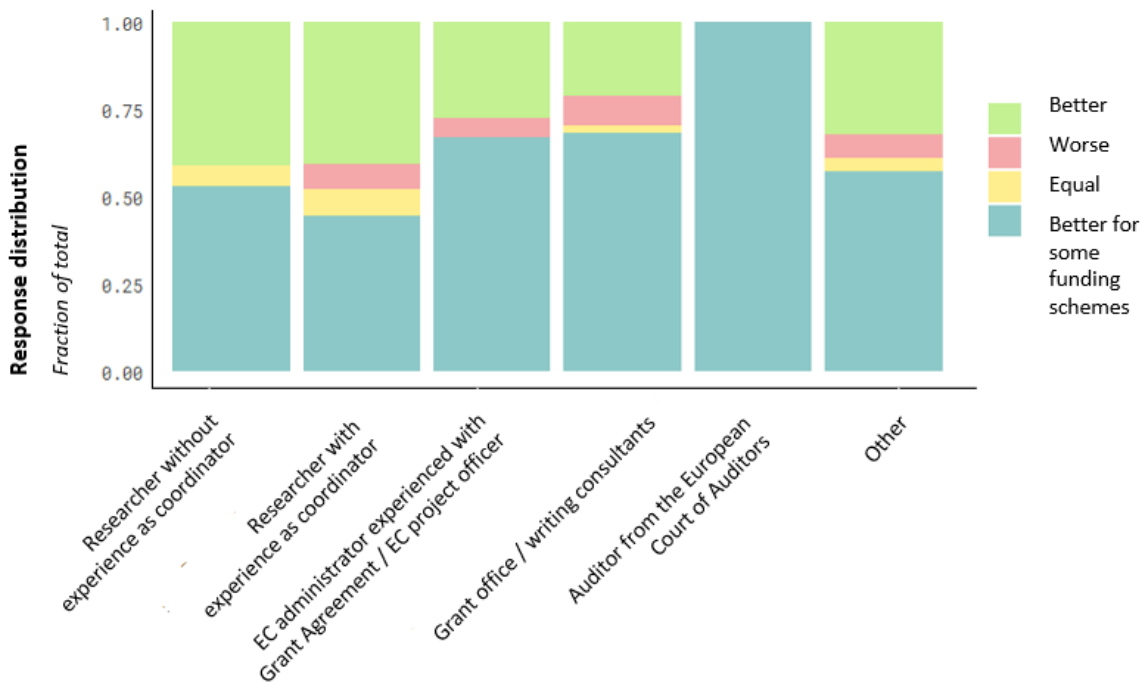
In Figure 12, answers to Q7 (where respondents were asked how they feel about the LS system in comparison to the traditional EU reimbursement system), are divided into strata from Q3 (where respondents described their workplace) and the response distribution is shown. The graph indicates that, although differences between strata are quite small, those who believe the LS system is worse are mainly working in universities and large enterprises, and to some extent in EU authorities. It is also noteworthy that, among respondents from government, EU authorities and RTOs, a majority believe the LS system to be better for some funding schemes. This indicates that these groups have a more nuanced view on its novelty.

Figure 12: Attitude towards LS (Q7) pooled by workplace (Q3)



Another way of analysing Q7 is to look at the distribution among various roles (Q4). Figure 13 indicates that there is actually very little difference among these groups. From the small group Auditors (4 people) it is not possible to draw any statistical conclusion.

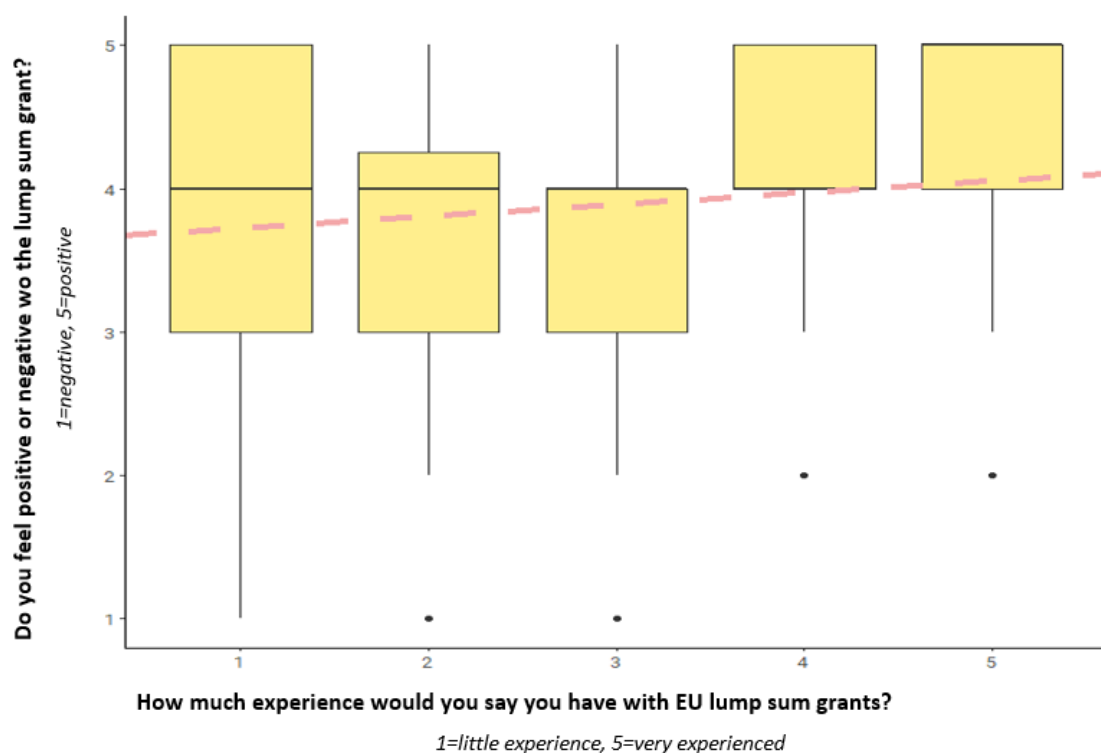
Figure 13: Attitude towards LS (Q7) pooled by role (Q4)



4.3. Attitude and experience

In Figure 14, results from Q14 ('Do you feel positive or negative to the EU implementing LS system?') are compared to Q6 (How much experience would you say you have with the LS system?). Results indicate that those with more experience are slightly more positive in their attitude. Although there is a slight trend of positive correlation, it is too small to be deemed statistically significant.

Figure 14: Positivity/negativity to LS (Q14) pooled by experience (Q6)



Responses to Q11 show all groups are generally more positive than negative to LS. The only statistically relevant result is a difference in positivity between researchers and grants office respondents ($p=0.04$ for both comparison between researcher with experience and grants office, as well as for researchers without experience and grants office). The grants office respondents have a more negative attitude towards the implementation of the LS system.

The spread of responses for the group researcher without experience as coordinator is narrow, showing high agreement on the positivity towards the system. There is no difference between other groups comparing either roles or workplaces, as seen in Figure 15 and 16. In Figure 15, SMEs show very high positivity towards the LS system, with the highest mean response and only one outlier responding on the negative scale. Other groups are positive, but have a bigger representation on the neutral/negative side.

Figure 15: Positivity/negativity to LS (Q14) pooled by workplace (Q3)

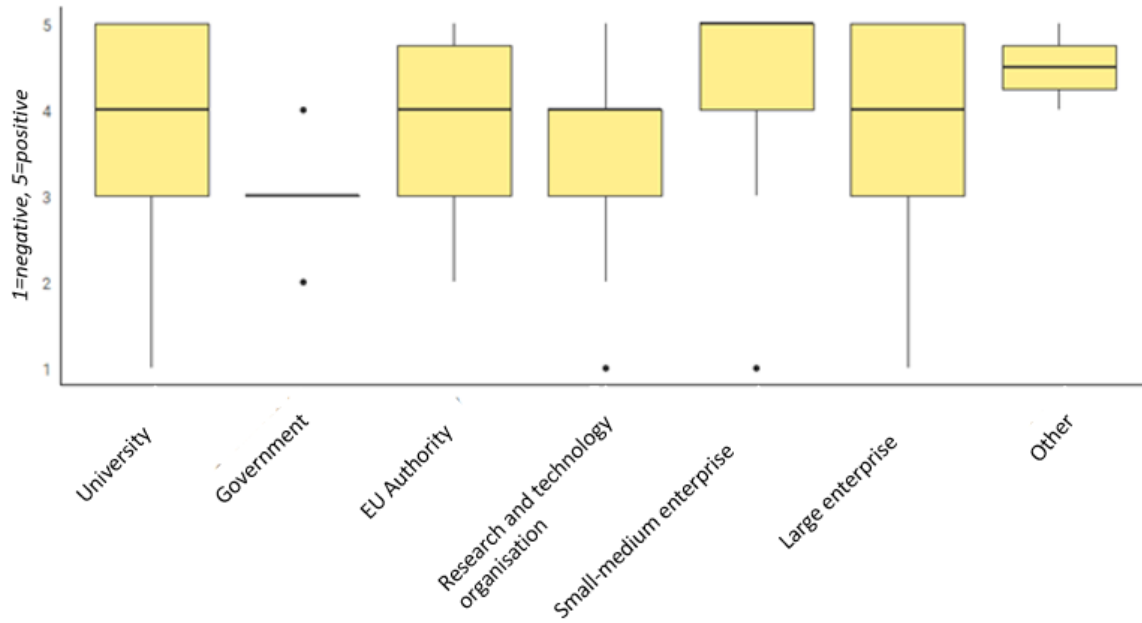
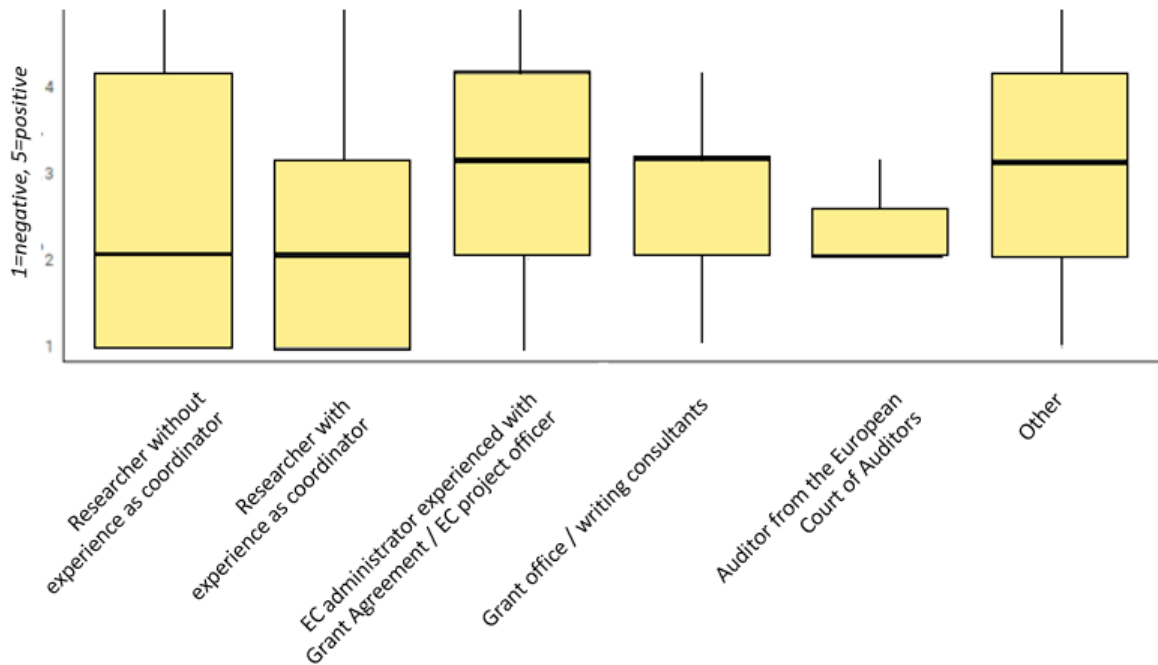


Figure 16: Positivity/negativity to LS (Q14) pooled by role (Q4)

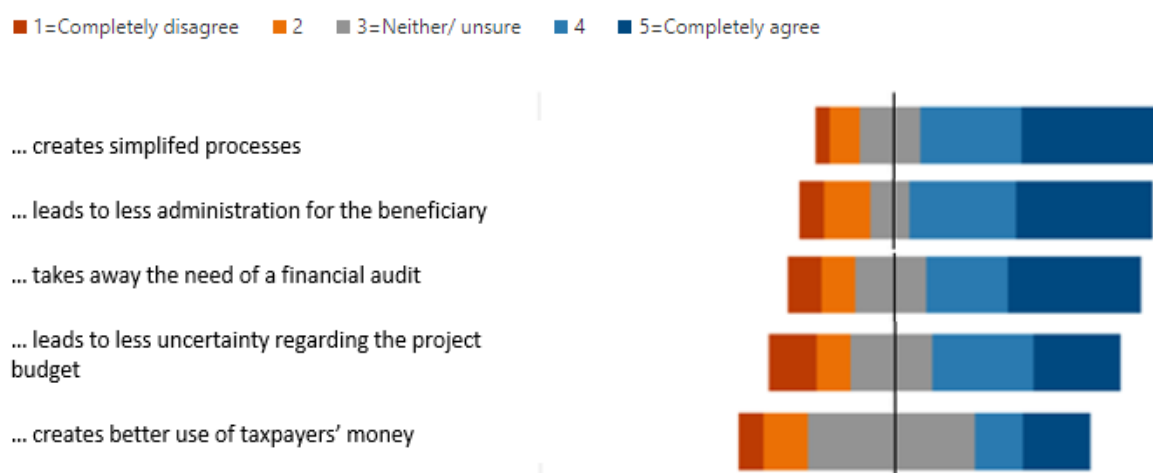


4.4. Advantages, concerns and consequences of implementing the LS system

In Q11, statements about the effects of LS implementation were rated. These statements were mixed negative, neutral and positive consequences (see Methods). Below, the results from Q11 were rearranged to correspond to these divisions, creating three figures. In Figure 17, the potentially positive consequences are shown, while the potentially negative and neutral consequences are seen in Figure 18 and 19, respectively.

Figure 17: Response to positive effects of implementing the LS system (Q11)

(In order of agreement rate.)

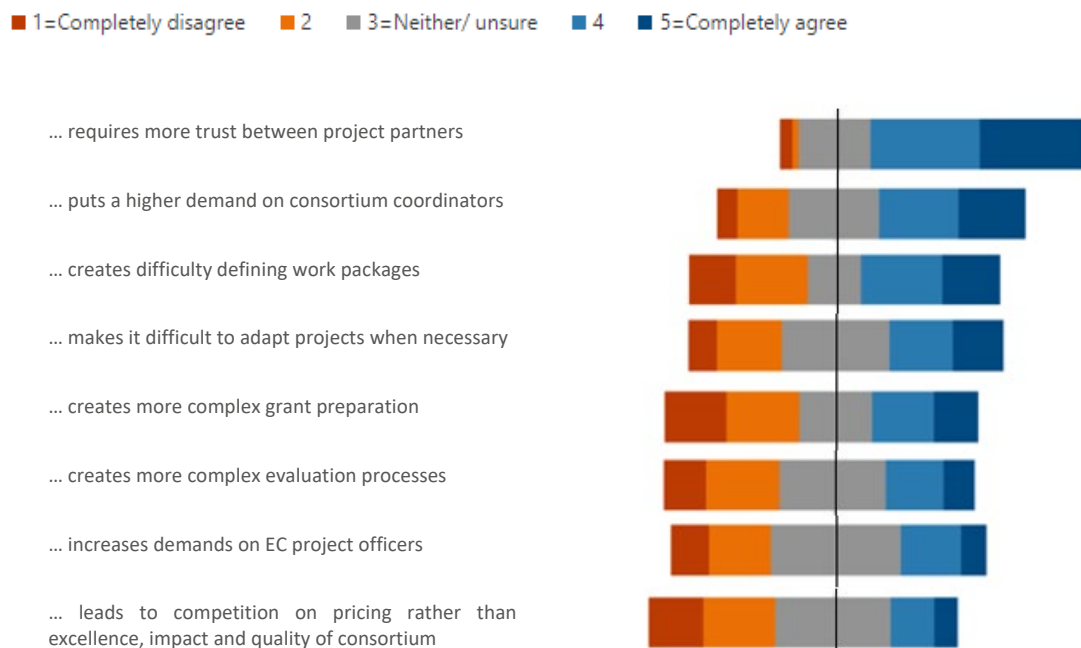


Generally, most respondents agree with the positive effects of LS implementation. There is one exception, and that is the statement *'The LS system creates better use of taxpayers' money'*. Here, the majority is neutral or unsure. The issue is, however, brought up as a concern in the free responses, even if it is stated that it can be hard to follow up. In reference to the concern, the issue of national procurement laws connected to LS could be investigated.

Respondents largely agree on the fact that the implementation of LS would create simplified processes, reduce administrative tasks for the beneficiary and take away the need of a financial audit. The majority of respondents also agree the use of that LS leads to less uncertainty regarding the project budget, but the disagreement and neutrality/uncertainty is slightly more represented than for previously mentioned statements. In free responses, this seems to be agreed upon. However, it is also mentioned that the LS can create more demanding processes for project preparation and GA procedures.

Figure 18: Response to negative effects of implementing the LS system (Q11)

(In order of agreement rate.)



Negative effects (Figure 18) are more disagreed upon than positive effects (Figure 17), but also show a higher rate of uncertainty/neutrality. We can conclude that the positive effects outweigh the negative ones. However, respondents seem to agree that the LS system requires additional trust among the partners due to liability issues. Whether or not this generally a good feature could be debated. On one hand, trust among partners should always be strived for. On the other hand, a system requiring too much initial trust could exclude immature partners from potential consortia, thereby limiting the choice of partners. The issue of liability spills over to many of the other concerns raised, such as WP design and less collaboration due to isolated tasks and WPs, which are raised in the free responses.

According to responses, the major concern is that LS implementation puts a higher demand on consortium coordinators. The responses are equally in agreement or disagreement with the fact that LS creates more difficulty in designing WPs, in project adaptation and putting in demand on EC project officers. In free responses, the issue of inflexibility is brought up, which is discussed more under section 4.5. Respondents also raised the issue of difficulty in designing WPs to mitigate liability and uneven payments without creating poorly suiting design solutions. However, some respondents reported that the LS system offered an appropriate way to actually evaluate the WP structure as compared to earlier. This was raised in the free responses, as well as indicated in interviews.

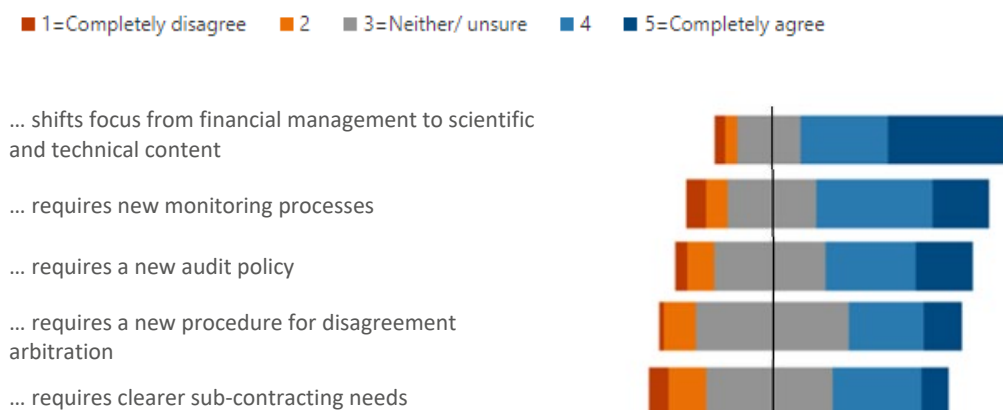
An early-voiced concern with the LS system is that it could lead to competition on pricing rather than excellence, impact and quality of the consortium. The responses to this question seem to rebut that concern. That statement emerges as the one where the respondents agreed the least, but it has been agreed with as a potential problem during the interviews. This issue might be of relevance to follow up after further implementation of the LS.

Respondents also disagree with the LS leading to more complicated grant preparation and evaluation processes. A few respondents were also concerned about the importance of evaluators

having sufficient knowledge about the subject, in order to deduce the reasonability of proposed budgets compared to research content, as well as goal fulfilment.

Figure 19: Response to neutral effects of implementing the LS system (Q11)

(In order of agreement rate).



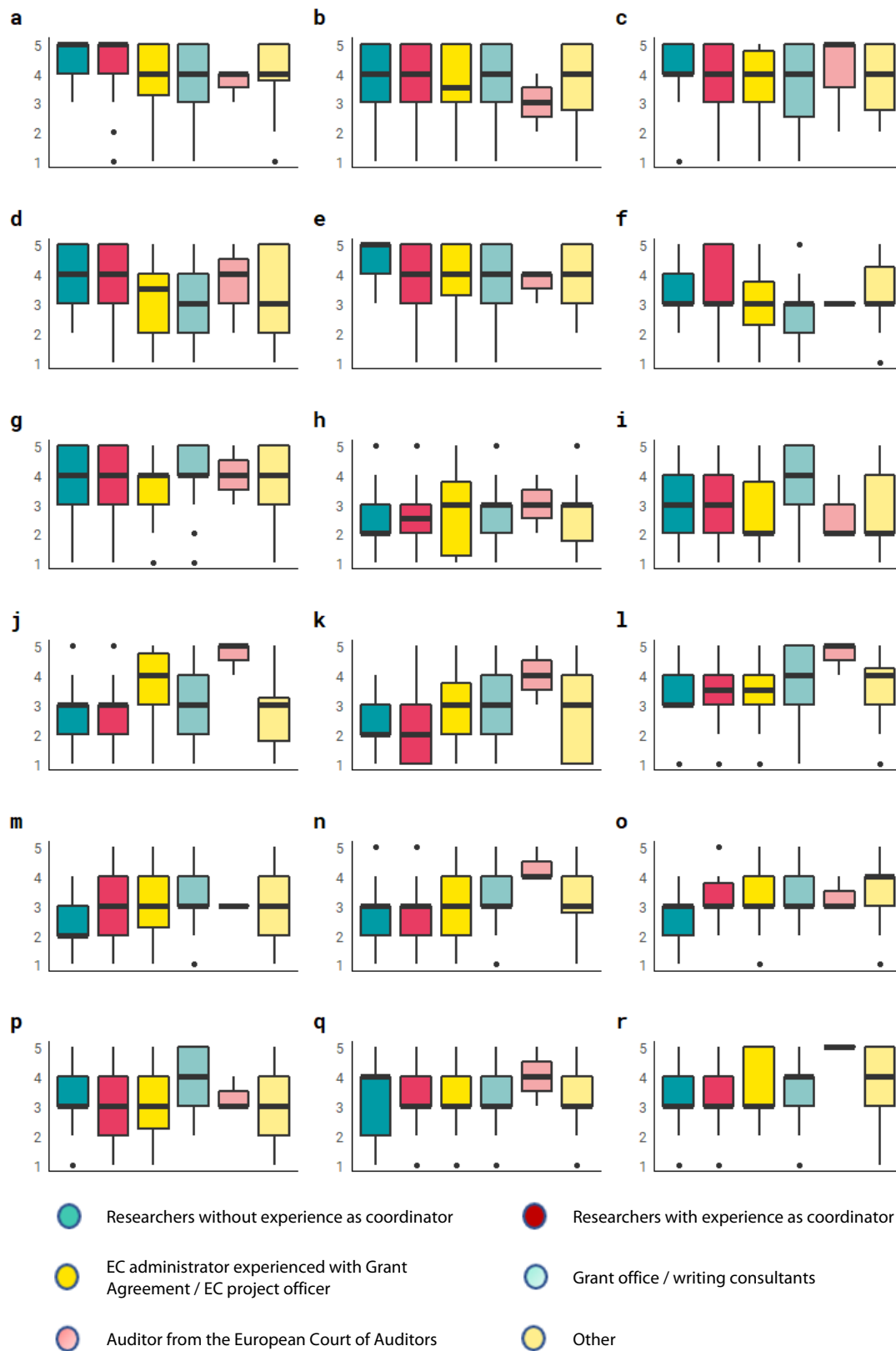
The statements on the neutral implementation effects have higher agreement rates than disagreement rates, but also generally high neutrality/uncertainty rates (Figure 19). The highest uncertainty/neutrality was shown in regards to LS requiring new processes for disagreement arbitration. This is slightly contradictory to free-response answers and findings in interviews. Additional support for disagreement arbitration and consortium agreement negotiations was commonly requested due to the joint liability. This includes agreement templates, examples and EC mediation in negotiations. However, respondents might differentiate between the 'procedures' as stated above, and aiding material as expressed in the interviews and free text responses.

Two other statements are also worth mentioning. The LS system needing new monitoring processes and audit policy were both responded with fairly high agreement. It should be noted that all respondents from the European Court of Auditors completely agreed with the latter statement (Figure 21). The fact that evaluation of the experts in the EC should be carried out is also mentioned in free responses. This would result in accurate judgements and comments based on the research, as well as in the creation of trust between the project and the EC.

A few of the main reasons for designing the LS system were to develop simplified processes and to shift the focus towards scientific content. These statements were largely agreed with, showing the system aims were reached. This is also stated in free responses, even there are some factors that could reduce the scientific focus (such as poorly designed WPs, setting lower targets, inflexibility creating less support for achieving work further than aimed for, etc.).

Figure 20: Comparison of response to statements in Q11 and role (Q4)

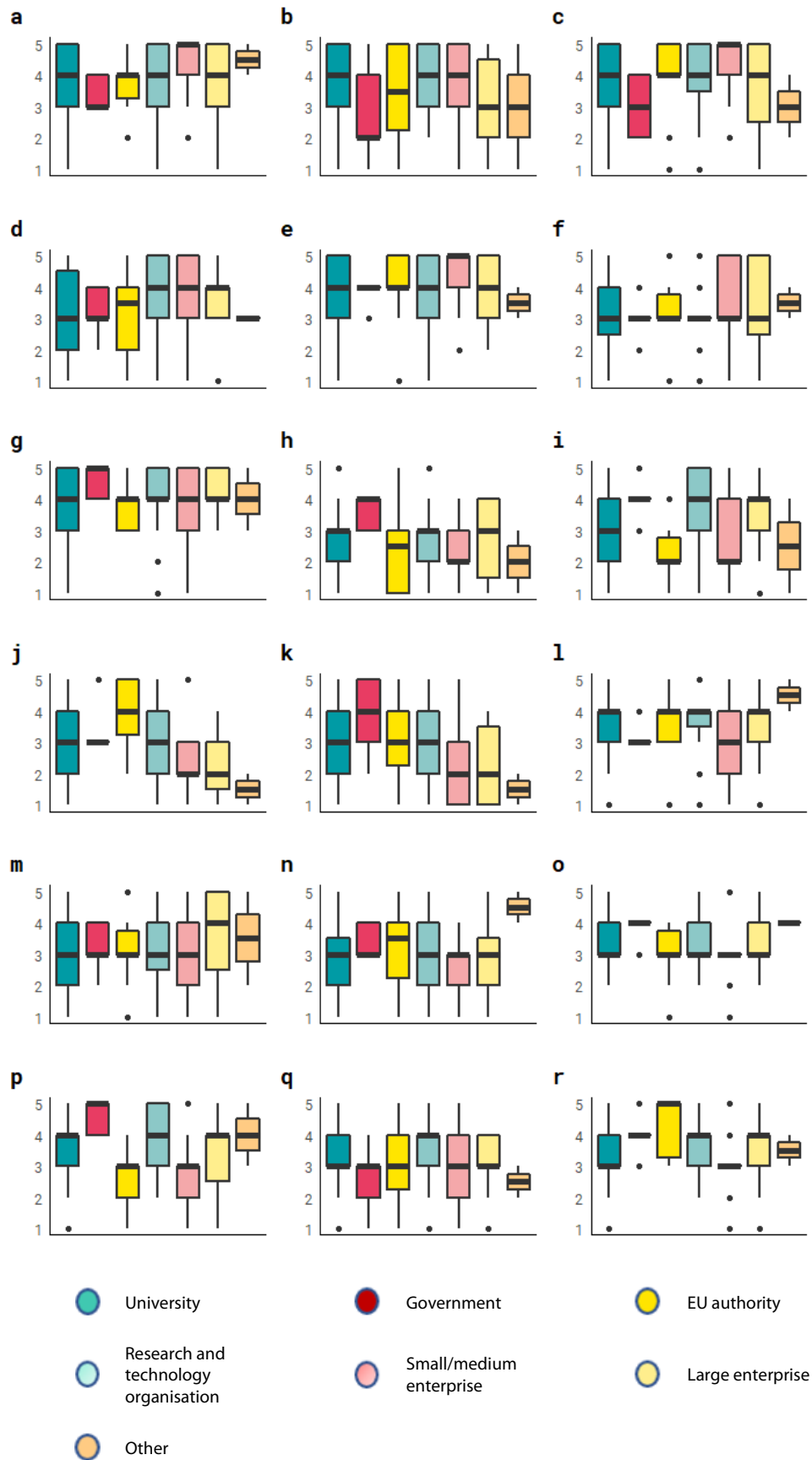
(Letters refer to statements seen in Figure 9.)



The comparison between individual Q11 statements and the reported role (Figure 20) shows no significant difference in response to the statements. Generally, it is the auditors' group emerging. However, there were only 4 auditors in the group, and the validity of such a trend is hard to prove. In statements j, k and n (LS leading to more complex evaluation process and grant preparation and increases demands on EC project officers) the result can be analysed as auditor responses being more positive compared to researchers'. The group court of auditors also reported higher agreement than all other groups in statement r, j and l (LS requires a new audit policy, leads to more complex evaluation and requires new monitoring processes). A somewhat higher disagreement was only expressed in statement b (LS taking away the need of a financial audit).

If comparing Q11 to the reported workplace (Figure 21) group, 'Other' generally behaves differently and is more prominent than other groups. This is due to a small sample size only comprised of 4 respondents which will not be analysed further. The comparison could show that governmental respondents agree slightly more to statement h (LS leads to competition on pricing) and p (LS puts higher demand on consortium coordinators). However, this group is also small (5 respondents) and the analysis cannot be validated.

Figure 21: Comparison of response to statements in Q11 and workplace (Q3)
 (Letters refer to statements seen in Figure 9.)



5. Discussion and conclusions

The LS system seems to be quite popular and is generally conceived as better than the traditional system among all stakeholders. This is mainly due to simplified processes in general, especially for the beneficiaries due to less financial reporting. Almost a third of the respondents (32%) found the LS system generally better than the traditional system, and another 57% found it better for some funding schemes. Only 7% found the LS system worse than the traditional.

The simplification of the processes is not the only perceived advantage. Removal of the financial audit and the overall lessened administrative burden are also appreciated by the beneficiaries. Most respondents (71%) also agree that the LS system shifts the focus from financial management to technical content of their projects.

However, there seem to be some drawbacks as well. The LS system appears to lead to a shift in administrative workload for the EC and its agencies, with a higher initial workload e.g. for project officers and evaluators, but less work as the projects mature.

This pattern also seems to be applicable to beneficiaries, who need to spend more time on initial WP design, budget planning and consortium agreement negotiations. The main challenge for beneficiaries of LS projects seems to be the joint liability of work packages, where no partner will get paid unless the work package is completed and all milestones are met. The LS system thus requires higher trust between partners, which could be seen as something inherently good, but could also have some adverse effects, including:

- less collaboration, due to liability issues and to separating WPs to mitigate risk;
- higher threshold for new beneficiaries to enter the system, due to lack of trust;
- overly simplified deliverables, to ensure the goals are reached.

According to the interviews, the LS system has a certain risk of creating pricing competition rather than scientific or technical excellence, but this does not seem to be a major concern among survey respondents. Whether or not the LS system amounts to better use of taxpayers' money compared to the traditional system is a question to which the analysis cannot provide an answer – the question is met with a 'don't know' among most respondents.

There seems to be little to no agreement regarding the kind of projects the LS is suitable for and how large the pre-payments should be. It was clear from interviews that organisations which had made strategic choices, including work package design and project consortium, had mostly positive experiences. However, a lot of respondents found it more difficult to design suitable projects; whether this was due to a lack of guideline material, unclear descriptions, or difficulty finding this information is not clear.

A common request among beneficiaries was for the creation of some flexibility in the current funding scheme. This is often linked to the rigidity of WP design and is thought to allow avoiding risks such as liability issues or required resource allocation. It is also noteworthy that some respondents suggested funding schemes using a hybrid model, where certain WPs or actions would be LS-funded, e.g. low-risk activities or travel expenses, whereas high-risk activities would be funded with the traditional model.

There seem to be a broad range of funding schemes to which the LS could apply. The most commonly raised ones are Erasmus, Cofund actions and Interreg. In addition, specific actions such as procurements or calls for tenders were considered suitable for LS funding. Even though some schemes seem to be better suited than others (see Q7), there is no consensus in this group regarding which schemes would be most suitable, according to the responses to Q8 and Q9.

Other responses regarding the structure of projects suitable for LS funding contradict each other. Some believe the LS system is suitable only for mono-beneficiary projects, while others believe it is suitable for collaboration projects. Additionally, there is no consensus regarding the size of project suitable for LS funding, nor TRL. Respondents who believe that LS only suits large projects might do so because they have experienced the positive effect of less administration for coordination of financial reporting for multiple partners, whereas respondents who believe it only suits smaller projects might have experienced liability issues.

One issue raised in the free responses but not connected to any pre-defined statements in the questionnaire is the potential of LS to negatively affect countries with strict procurement laws and regulations. National and EU regulations need to be evaluated and synchronised to face this issue.

A common request raised in free responses is to allow for more flexibility throughout the course of project execution. Amendment making must become easier. Grant preparation is very detailed and the current set-up makes projects inflexible and both increases liability concerns as well as makes it difficult to improve results if it requires divergence from the plan. For instance, the work package design might need to be changed during the course of the project in terms of shifting the budget to another partner or prolonging the project time. An example is the case in which a partner realises they will not have time to reach the necessary results ahead of WP finalisation. Then, they might be better off dropping the work altogether to avoid spending funds without return on investment. The amendment process might delay requesting a change, putting payments and results at risk.

As seen in previous discussions, the biggest concerns with the LS system relate to broad issues regarding full project design, liability and project flexibility. This could be solved by offering hybrid solutions, where parts of projects are LS-funded, or where the payments can be partly paid out based on the rate of completion. The first solution could allow tailoring projects depending on the nature of different WPs and actions (e.g. different TRLs or WP durations), and thereby achieving the benefits of both funding schemes. However, it could also lead to complicated grant preparations and application evaluations, so it would need to be investigated further.

The second solution would reduce liability and tackle the issues raised by respondents of LS being too inflexible and absolute in payments. Factors influencing the extent of liability concerns seem to be project size, complexity and TRL. One of the interviewees suggested the development of a tool to understand risk category, mitigation opportunities and, therefore, LS suitability.

There is concern that the LS will only give advantage to countries with less rigorous time-reporting procedures. Since one of its biggest advantages is reduced administration time and cost reporting, this can become a reason for diverging appreciation of the funding scheme. Compared to questionnaire responses, there does not seem to be a trend regarding what countries score low on the agreement scale in Q11c:

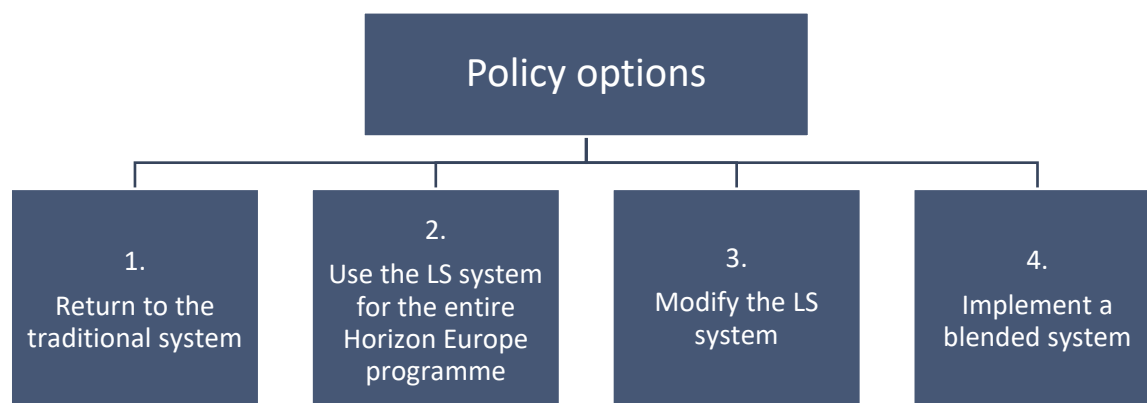
The amount of prefinancing has been debated in free responses. There is no clear consensus on whether large or small prefinancing amounts should be given. Some suggest having smaller prefinancing and a set 'midfinancing' regardless of results. This could especially be a solution for WPs running for the full duration of a project.

On the whole, the respondents to this survey seem to appreciate the effects of the LS system, particularly the lessened financial reporting and the increased focus on scientific or technical content of the projects. The liability issue, i.e. the risk of not getting reimbursed for a WP unless it is completed in full, sticks out as the main drawback of the system.

6. Policy options

Based on the answers from the survey and the interviews, four policy options have been developed.

Diagram 2: The four policy options



Policy option 1: Return to the traditional system

This option seems to be undesirable, since the LS system appears to have met its objectives of simplification and stronger focus on scientific and technical content of the projects.

Policy option 2: Use the LS system for the entire Horizon Europe programme

This option also seems to be unsuitable, since it would jeopardise the overall quality of the research results. The current LS system has three main drawbacks: i) risk of less collaboration within the consortia due to liability issues, leading to separation of WPs to mitigate risk; ii) higher threshold for new beneficiaries to enter the system, due to lack of trust, since project coordinators tend to form their consortia with previously known partners rather than let new partners into the system; iii) overly simplified deliverables, i.e. WPs, to ensure that the goals of each WP are reached.

Policy option 3: Modify the LS system

An alternative policy option would be to modify the LS system to minimise the drawbacks of risk of less collaboration within the consortia, higher threshold for new beneficiaries and overly simplified deliverables. The modifications could include more support from the EC and primarily from its project officers. The support could, for instance, consist of guidelines, templates and examples for WP design and for consortium agreement negotiations. It should be noted that support for consortium agreements could potentially infringe on EU policy, something that should be investigated. In project calls, clear recommendations to potential applicants about risks and benefits with LS should be stated and possible mitigation strategies in planning should be made available. These would allow beneficiaries to make strategic choices to create a project design suitable for their scope, including consortium members and consortium sizes.

Since the LS system includes a WP liability issue, it is more difficult for new entrants compared to the traditional system. Consortium leaders in LS-projects tend to minimise the liability risk by including only well-known partners in their consortia, rather than taking on stakeholders with whom they have not worked before or stakeholders who have never before applied for EU grants. Such newcomers need encouragement from the EC and from seasoned beneficiaries to mitigate the

perceived trend that many grants are received by the same beneficiaries year after year. The liability issue of the LS system does not help in this matter.

Furthermore, increased trust is needed between the EC and its agencies, on one hand, and the project leaders, on the other. It is important for the EC to consider how to achieve this in future developments of LS implementation and development.

Finally, some incorporation of flexibility is requested, e.g. in the liability issue for work packages, and it should be investigated how it could be done without posing a risk of increased workloads or longer lead times due to amendment processing or other potential risks. One example of possible flexibility could be to match WP progress with level of reimbursement, so that e.g. a WP fulfilled to 80% would render an 80% reimbursement.

Policy option 4: To implement a blended system

The LS could be used for a broad range of funding schemes and diffusion should be investigated further. The EC should also evaluate the possibility of implementing LS in a hybrid funding scheme where certain WPs or actions are LS-funded. This could potentially aid projects with higher risk of using the LS system to still gain some of the funding scheme's benefits.

A project starting at low TRL with high research ambitions, i.e. high risk, could serve as an example. In such projects, the outcomes are notoriously difficult to predict, thereby tempting the beneficiaries to curb the expectations of some WPs, to make sure that each WP reaches its goals. For such WPs, the traditional model would be preferable from the beneficiaries' point of view. Other parts of such projects could be more predictable, and thus more suitable for LS, e.g. WPs dominated by costs for administration, travelling, or access to infrastructure such as laboratories or equipment.

Determining which of the suggested policy options should be chosen can of course be debated. This study does, though, indicate that the LS system has advantages compared to the traditional system, but the beneficiaries of the programme would appreciate some modifications. The aforementioned WP liability issue would be the top issue to ameliorate.

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8. Annexes

A. Questionnaire

A: General Information

1. Age

<25

25-35

35-45

45-55

55-65

>65

2. Gender

M

F

Prefer not to say

3. Which of the following describes your workplace?

University

Research and technology organisation (private/public)

Large enterprise (>250 employees)

Small-medium enterprise

Government (local, national, authority, etc.)

EU authority

Other

4. Which of the following describes your role?

Researchers with experience as a coordinator

Researchers without experience as a coordinator

Grant office/writing consultants

Auditor from the European Court of Auditors

EC administrator experienced with Grant Agreement / EC project officer

Other

5. Where is your workplace located?

(Please specify the country from the list provided)

6. How much experience would you say you have with EU lump-sum grants?

(1=no experience; 5=high experience)

B: Comparison with the traditional EU reimbursement system

7. In comparison with the traditional EU reimbursement system, do you believe that a lump-sum system is?

Better

Worse

Better for some funding schemes but not all

Equal

8. According to your experience, how useful would the lump-sum system be for the following funding schemes? (1=not useful at all; 5=very useful)

If you do not have an opinion about a specific funding scheme, only mark those you can answer. If you need more information about the below defined funding schemes as well as other schemes, please see the following links:

https://ec.europa.eu/research/participants/docs/h2020-funding-guide/grants/applying-for-funding/find-a-call/what-you-need-to-know_en.htm

<https://ec.europa.eu/programmes/horizon2020/en/h2020-sections>

Research and Innovation actions (RIA)

Innovation actions (IA)

Coordination and support actions (CSA)

Marie Skłodowska-Curie Actions (MSCA)

European Council Grants (ERC)

European Innovation Council grants (EIC)

9. Are there any other funding schemes the lump-sum system could be useful for?

Other funding schemes can be e.g. procurement actions, COFUND actions, or funding schemes in other EU programmes apart from Horizon2020. Please specify the EU programme to which the funding scheme belongs to.

(Answer given in a free text area)

10. Are there any specific aspects, rather than the funding scheme, that determine if a project is suitable for using a lump sum grant system?

Other aspects can be e.g. project scope, number of partners, amount of funding, work-package design or consortium composition.

(Answer given in a free text area)

C: Advantages and concerns related to the lump-sum system

11. To what extent do you agree with the following statements?

The lump-sum system ... (1=Completely disagree, 2, 3=Neither/unsure, 4, 5 Completely agree)

- ... creates simplified processes
- ... takes away the need of financial audit
- ... leads to less administration for the beneficiary
- ... leads to less uncertainty regarding the project budget
- ... shifts focus from financial management to scientific and technical content
- ... creates better use of taxpayers' money
- ... requires more trust between project partners
- ... leads to competition on pricing rather than excellence, impact and quality of consortium
- ... creates difficulty defining work packages
- ... creates more complex evaluation processes
- ... creates more complex grant preparation
- ... requires new monitoring processes
- ... makes it difficult to adapt projects when necessary
- ... increases demands on EC project officers
- ... requires a new procedure for disagreement arbitration
- ... puts a higher demand on consortium coordinators
- ... requires clearer sub-contracting needs
- ... requires a new audit policy

12. Have you identified any other consequences of using a lump-sum system?

Please shortly describe other possible direct consequences of using a fixed lump-sum system as compared to a traditional EU grant system, which have not been described above.

(Answer given in a free text area)

13. Do you have any suggestions or requests for how lump-sum projects should be carried out?

E.g. project call requirements, plan requirements, work package design, or available resources such as templates, policies or set procedures?

(Answer given in a free text area)

14. Do you, in general, feel positive or negative to the EU implementing lump-sum grants?

1=very negative, 5=very positive

D: Other remarks

15. Please elaborate or add to any questions asked, or share any information you think is complementary but did not suit any question.

(Answer given in a free text area)

16. Would you be available for follow-up questions?

Yes / No

17. If yes, please provide your e-mail address.

Annex B. Comments received from open questions

(Each bullet point represents the comment received from a respondent. Comments have been edited for spelling and/or clarity).

Q9. Are there any other funding schemes the lump sum (LS) system could be useful for?

- Yes, e.g. Digital Europe LS funding can be adapted to all schemes, sizes.
- The LS Grants can be extensively used in many other funding schemes provided that there is sufficient knowledge acquired on the costs associated to the possible activities and a clear focus on the delivery approach with impact. It might be not so adapted to funding schemes related to exploratory research or low levels of research where there would be a need to top up resources to achieve additional results.
- Cooperation projects under Erasmus+.
- EIC accelerator.
- Erasmus+ programme KA2 projects.
- Cofund action.
- The European Territorial Cooperation funding programmes.
- Cofund actions.
- Erasmus +.
- 1) LS funding is attractive for activities that have a low risk of deviations from the original plan. In the case of frontier research, one tries to answer the research question based on a hypothesis. The exact steps taken towards the research goals are almost always different from the original work plan. One encounters unforeseen problems, and one finds workarounds. Now it is to the Project Officer, who will not be an expert in the field to judge whether the workarounds still qualify as having implemented the WP according to plan. Sadly, I have experience (EIT) where the changed work plan was not accepted, and the project remained without funding. 2) Currently, LS funding is applied to entire projects. It would be attractive to consider projects with a mix of LS WPs and Actual Costs WPs. I understand that this would not simplify the work of the EC officials, but would certainly simplify the work of the beneficiaries. It is not so complicated to report actual costs. We all record actual costs anyway when we implement a project. However, for some activities it would save a lot of reporting / justification work when LSs could be applied. I would favour very much a project in which we will have Actual Costs WPs for the research and LS WPs for project-management, Training and Outreach/Communication. Organising a workshop or conference with a certain number of envisioned participants will perfectly suit a LS approach.
- I believe the LS scheme is better because it allows to avoid high administrative costs and to focus more only on technical and scientific aspects. I have no previous experience in EU project management, but in our regional grant spend a lot of our time in reporting. After all, what really matters is that we get to the requested results.
- Especially postdoctoral individual MSCA.
- Small-scale projects under 1 million should be funded through the LS funding model.
- ERA-NET, Cofund.
- The LS system is very useful in supporting evidence for internal board-level approval for purchasing capital equipment related to RIA and IA projects.
- Erasmus+.
- LS could be useful for specific cost categories (e.g. travel costs) and not (in my opinion) for specific kinds of projects or funding schemes.
- COFUND.
- Any programme/action for which the granting authority has sufficient confidence in available data or expert knowledge necessary to establish an appropriate ex-ante estimate of costs.
- SwafS.
- Cascade Funding.

- ERANET COFUND, Interreg., DG JUSTICE, LIFE.
- As it simplifies reporting, it should be applied everywhere where the impact of the projects is important and can be proven (rather than the justification of the money spent). Interreg projects come to mind as well.
- LS would be very useful tool for capacity building and small-scale operations in any kind of frame. It would increase flexibility, participation, and usefulness of the actions.
- European Defence Fund.
- All mono-beneficiary schemes. Projects with cascade-funding: specifically for the sub grants. Projects with clinical trials: for the subsidies.
- Life, CEF.
- Joint Undertakings.
- COFUND actions.
- It could be applied on e.g. ECSEL JU (www.ecsel.eu) or similar programmes.
- Perhaps the AMIF could also benefit from the LS system. This is the first time we are experiencing the LS system, so it is hard to tell, however so far so good, as it reduces the administrative burden significantly.
- Cofund.
- ERC Proof of Concept funding, Launchpad funding.
- I believe a much larger scale application of the LS (or a modified form of it) can greatly benefit the focus of a project (away from the financial and administrative and more towards the technical part of it).
- Mono-beneficiary grants of small amount with a clear deliverable.
- More useful for R&D+I-oriented actions (e.g. product development), Procurement actions (PCP and PPI); SME Instrument, Calls for Tenders. Might be also useful for European Structural and Investment Funds; European Territorial Cooperation Programmes – INTERREG (cross-border, transnational and interregional joint actions, particularly those focusing on R&I and ICT priorities).
- Procurement.

Q10. Are there any specific aspects, rather than the funding scheme, that determine if a project is suitable for using a lump sum grant system?

- You need to trust your partners to a greater extent as payouts can freeze in if not everyone delivers. You still need to get in and compile all the information about working hours and finances.
- Lump sum funding can be adapted to all project types and sizes.
- Size of the consortium.
- YES. For me it's not the type of action that characterise the necessity to use a lump sum (except for MSCA and ERC grants) but rather the research area covered by the project. There are research areas that feature standardised costs in a better way (e.g. PV arrays for solar energy) than other niche areas.
- I would think the closer to industry the better. It resembles a normal contract with a fixed deadline.
- Suitability for lump sums is not related to funding scheme in my opinion. But is instead related to the nature of the action. For example, can we define an output for the action that is measurable, can we break the action down into sub actions with intermediate outputs, is there data available to define an amount, is there an appropriate methodology under financial regulation.
- The most important aspect is a clear understanding of the rules governing the lump sum, i.e. the key requirement that without packages completion there is no payment. This requires specific design of the work-packages to ensure that results can be clearly measured. The number of partners per work package can also be a point of attention, as one 'small/sleeping partner' may undermine the full delivery process.
- In my experience IAs are more complex than RIAs and CSAs and requires multiple adjustments (i.e. amendments) during GA implementation, therefore a lump sum system would not be a simplification but possibly a complication. In addition, the max amount of funding for lump sum grants should be fixed and for very large projects reimbursement on actual costs remains more suitable.
- I would say that the amount of funding and the project scope are the most relevant.
- Number of partners, workpackage design

- The degree in which the project deviates from regular H2020/Horizon Europe projects. For example, if the course of action is not fully known at the start of the project. But then, how can you know which deliverables you should propose?
- Consortium composition may be an important criterion. I can imagine SMEs might benefit from a lump sum approach.
- All the suggested aspects: project scope, number of partners, amount of funding, work-package designing or consortium composition.
- Besides the principle of lump sum, the way it is applied is very important. The last exchange we had with our commission officers is that she will be as picky (even more?) than if the project was under the 'old' way... so directives should be given to the (eventually external) officers...
- Number and extent of provisional items and associated risks.
- I have little experience with the EU funding schemes above, but as a general note, a lump sum is interesting for (i) stable and well predictable outcomes and few partners and clear work packages at the one hand and (ii) exploratory studies.
- Ultimately there needs to be some confidence that the research activity will generate a significant output e.g. if this is for 'pure research' that could 'fail' after 10% of consumption of funds, there could be a possible situation where you still pay all the money; especially if the Deliverable is just a report.
- Size of the project and the primary/relevant cost categories.
- Value of funding and number of partners.
- Highly applicable for project partners within EU, in some cases funding partners from outside of EU with lump sum would involve more risks.
- Definitely the number of partners and the number of work-packages and deliverables. To have too much is always a risk. An equilibrium would be great.
- The project technical scope, when it has associated a high uncertainty, affects to the suitability for this grant system because Work Packages may be extended and this affect to the payment.
- Number of partners.
- Project scope.
- The level of trust between partners. In my experience, each partner keeps the human effort in the WP of their leadership and usually there is a 'fear' to participate among the other WPs. This situation affects the entire partnership.
- Project scope and content.
- I think it really depends on the type of project, time of delivery and number of organisations involved.
- Work Package design and Consortium composition.
- From my understanding, lump-sum can be implemented to every kind of actions but if I put in importance order Work-package design and context of work should be placed forefront.
- Projects with only 1-2 partners.
- Clear and distinct deliverables is a key prerequisite for implementing the Lump Sum. Once the output is clear and the maximum budget per project is also decided based on previous data, then monitoring the effort is purposeless.
- Maximum 4 partner, amount of founding.
- The major aspects that are influenced or influence the design of a project applying the lump sum system are the project scope and the work structure. Both may be very complex to adjust and difficult to follow.
- Outcome based payments are not suitable for low TRL activities.
- In one of our projects, our work packages concentrated 60% load in M1-M12, 30% load in M13-M24 and 10% load in M25-M36. Having the lump sum has thus enabled better cash flow control of the project.
- In my view a lump sum funding scheme has a negative impact on consortium dynamics. It negatively affects work-package design (more a one-on-one connection between beneficiary and work package) diminishing a multi-disciplinary and multiparty approach of work packages.
- Work-package design and consortium composition can be considered for lump sum grant system.
- Number and type of partners; interrelation of work packages.
- Small grants, preferably with linear implementation (i.e. distinct and consecutive work packages).
- 1) The amount of funding taking into consideration the expected outcomes of the project and specific eligible expenses (i.e staff costs and travel) should clearly be a determinant for applying lump sums. 2) The consortium composition can increase the level of complexity when managing a

European project. It could limit the project ambition to administrative tick boxing rather than actual results. A lump sum approach will help define clearer expectations from the start for the different partner types. It can also reduce the uncertainty for higher risks not associated with the actual work.

- Project scope, number of partners, amount of funding, work-package design or consortium composition.
- If you can define the work done in the project quite accurately. For all kinds of actual lower TRL level it is not suitable, because that kind of research is more unpredictable.
- The project scope and target as well as the amount of funding.
- Project budget, number of partners.
- Mostly depending on work-package design (fundamental!); also depending on the possibility for a project to well define/design intermediate objectives.
- Any action where the policy focus is on the output/result side.
- Standard work is suitable for lump sums. Research that needs a flexible implementation is not.
- Work package design with flexibility.
- Consortium Composition, especially in the networking phase (it should allow more flexibility).
- It is already stated but Work-package design and flexibility during the project can be key.
- I think that this scheme is useful once there are more than 5 partners, it's a good solution to achieve the target. the problem is the risk related the partner who is not working correctly. at present this risk is managed only with an amendment, (which works slowly!).
- Not specifically. I think that the lump sum could be applied to any type of project but the rules in order to manage it should be clear, i.e. can lump sum include overheads and in which percentage?
- Clarity of project plan and identification of partners
- Certain types of actions such as capacity building, current state analyses, background analyses, network framing etc would benefit from a flexible lump sum tool.
- Small number of partners and all the partners are in total agreement for joint liabilities.
- Number of partners and work-package design.
- The work-package design of the project is the key factor to decide if the lump sum system can be used. Multi-step projects with long completion times linked to subsequent or parallel tasks are better suited for a different funding scheme.
- Number of deliverables/work packages should be important - the more deliverables there are the more concern there is that the full budget will not be received due to the higher likelihood of deliverables/work packages not being completed in time.
- Number and type of participants.
- The estimated impact of the project continuation with the lump sum grant system. Projects with a high potential for advancing TRL or creating more results should be eligible to apply for such lump sum support.
- My university has started to manage a CSA with the lump sum system only 2 months ago therefore I cannot say our experience is enough to answer this question. By the way I think that LSGS would have to do also with project scope and with actions in which the consortium is not too large.
- Number of partners, work-package design
- Projects with few partners are more suitable. More advantageous for SME.
- Amount of funding and project duration.
- Yes, number of partners, complexity of project are surely important factors.
- Project objectives, indicators, deliverables.
- The work-packages have to be well-defined, quantifiable, self-contained descriptions of work. The consortium partners, participating in these work-packages, should act on a more entrepreneurial manner, working towards an MVP-like result (work-package).
- If the prefinancing is over the 85% of the total budget, I think it could work for all calls.
- The lump sum approach will result in average quality of research and innovation, shifts workload from managers and controllers to researchers, will automatically exclude a substantial group of stakeholders, will have a negative impact on the employability of (starting) researchers and will put a high pressure on the financial strength of the organisation.
- If the number of partners is significant (10-15) it makes it easier to support each other and check on each other's work. to ensure it is carried out in the most efficient manner and through teamwork. For instance, in a WP there should be at least 2 partners, a lead and co-lead, to facilitate the work. The quality and experience of the partners is also crucial.

- Lumpsum makes sense for smaller grants and low risk projects. In larger projects with dependencies between WPs (e.g. WP2 cannot start if WP1 is not finished) tiered grants make more sense
- Number of partners
- In collaborative projects, the lumpsum system means a lot of extra work in the preparation of a proposal. Especially the low success rates do not really stimulate the extra work in the proposal stage.
- The Lump sum system could be useful for all funding schemes. However, the number and experience of partners could complicate the management of the grant, for example if the consortia consist of many inexperienced partners.
- Best with only one partner - otherwise you always need to have elaborate discussions with partners.
- Work Package Design is strongly correlated with the decision on whether the scheme is appropriate due to the way payments are being done (based on fully completed work packages). Hence - there should be much greater freedom in the way that work packages can be designed in this instance (also allowing for typical horizontal work packages to be reimbursed after the completion of each reporting period as opposed to only at the end of the project).
- Mono-beneficiary grants or very small number of partners, small amount involved in the grants and clear deliverables. In some CSA this could be applicable as well, in example support to NCPs.
- Number of partners, WP design.
- Project scope, work-package design, as LS is based on WP completion; TRLs.
- Project scope, the ability to make a good cost forecast and estimate of possible results.

Q12. Have you identified any other consequences of using a lump sum system?

- How to deal with delays, which can be more difficult.
- Actual evaluation process is not fit for LS. LS requires a negotiation of the budget in a second evaluation step. LS Proposals do not contain enough information on the budget to be properly evaluated.
- For me as PO having an early lump sum project, it was much more difficult as procedures etc. are new. There is an administrative gain for the financial reporting, but the project management is more complex for the coordinator, because they get less input about resources spent. Overall, projects become more competitive.
- As indicated in the questions here above, the lump sum focuses on the results from the scientific, technical, and operational point of view. Hence, the monitoring and evaluation of lump sum grants require programme managers with the necessary skills and competences, possibly a clear separation of roles between those that administer the grants and those providing the technical evaluation. This may require a revision of the current approach and introduce scientific peer reviews processes or similar, to benefit from the necessary knowledge.
- External experts assisting with the evaluation of proposals need to have experience with lump sum systems in addition to their technical knowledge of the different areas. Therefore, this aspect needs to be considered when recruiting experts.
- I sincerely hope it will be implemented for all IA and RIA project. The saving in time, attention and effort previously allocated to superfluous administration and bureaucracy, is enormous. The lump sum was a real relief for us, without any detriment to the quality of our research work, on the contrary!
- Less time spent on administration of the project.
- The prepayment for lump sum pilots is too high. Having to transfer so much of the budget to partners up front is way too dangerous, because the coordinator takes over the responsibility for the deliverables and the budget without having a possibility to truly put pressure on partners who cease to work.
- Primarily that in a project we are now only as good as the weakest partner.
- It seems like the Lump Sum Grants have been restricted to smaller amounts per grant, thus more grants can be distributed. On the other hand, as these are usually 12-18 months actions, the applicant can plan for consecutive applications for years ahead. And, in fact, having several smaller scale Lump Sum grants can be of a similar final financial impact as a large project - but the success rate could be higher, and the overall process could be simpler in comparison with larger actions for 3-4 years and higher amounts of funds.

- It may be more difficult to shift - adapt - transfer budgets among work packages and partners, for instance in case of different speeds or progress.
- There are some cash flow implications, as the interim payments disappear. This can either drive partners to split work between multiple work packages (which could create more work!) or force them to have a higher sum of 'at risk' funds. As a large organisation, we are okay with putting the funds at risk. A research institution or an SME, especially with a long-running project, might not be so.
- It is not enough clear the impact on audit policy and the coordinator entity requires more internal controls on activity and use of funding.
- Removing limitations and barriers in terms of budget categories, lowers administrative burden, is more friendly to local country and institutional laws
- The payment depends on the WPs completion, and this relates to all involved partners.
- It has negative affect on the balance of human effort between partners and WPs. For example, in the WP of management and coordination, only the coordinator as leader participates with personal months and the sets limits to other partners to keep the project managers in their packages in which have the leadership, where. It affects the quality of the project and the relations between partners.
- We have mainly experience in the pre-grant phase so far, and it requires more detailed planning in the pre-grant phase, but likely makes the grant operational phase easier.
- Amendments become key. No internal changes like in traditional projects can be made.
- WP-structure design gets complicated because no longer the project-logic is ruling the game. This now gets mixed with arguments on cash-flow and under-performance risks.
- Moreover, setting up a consortium agreement turns out to be more difficult. The consortium has to set up a new liability scheme to handle the possibility of WPs that are turned down by the EC. Will we start an investigation on who is to blame and have the underperforming partner(s) pay to the other? (Very bad for the trust-relations in the consortium). Or do we set up a risk-sharing facility? When one WP fails, we will all carry part of the loss. This might be good for the solidarity in the consortium but gives an uncertainty of getting all your costs reimbursed.
Anyway... coordinating a lump-sum project is more demanding than an actual cost-based project.
- Lump sum projects lead to more complicated negotiations of the consortium agreement, especially on the principle of joint and several liability and the resulting financial consequences.
- Overall, it seems more straightforward and more in line with how R&D/R&I would be undertaken within industries. There must be a slight doubt that all the funding is spent on the project to which it is awarded. However, if the project meets or exceeds its goals and objectives, does that matter? Probably, yes, as then the taxpayer is not getting absolute best value - it is a dilemma!
- 1) Since payments are made upon completion of work packages at the end of each reporting period, consortia can be tempted to draft the work plan so that some of the WP end during the first reporting period even if it is not the best way to carry out the scientific work. Increasing the prefinancing is not a solution as long as coordinators can 'force' the consortium to accept another payment plan in the consortium agreement. 2) Also - if part of the work has not been properly carried out, it can be difficult to identify which partner is responsible for that. If there should be a reduction of EC contribution, the EC should be able to determine precisely which partner should be penalised.
- Penalise partners that fully deliver for a WP, when the deliverable is not reached... any complex R&D project is associated with uncertainties and contingencies that may prevent achieving deliverables... not always partners will be able to guarantee 100% performance over a 5 year horizon.
- Yes, financing gap due to later payment depending on other project partners.
- i) Project starts with clearer project cash flow clarification. ii) There is an added advantage of being able to procure capital equipment needed for the project at the board-level. iii) Make it easier to employ extra staff. iv) Being judged and paid on how successful you are in terms of what you state you will do is far better for innovation.
- 1) Effort and focus are shifted from the financial processes to the legal processes. 2) Decreased negotiation power of small beneficiaries, contrary to large beneficiaries (industries and organisations). 2) High uncertainty about the audit procedures. 3) High uncertainty about the actual use of EU taxpayer's money (since the amounts do not correspond to auditable actual costs). 4) No significant effect in the usual practices of beneficiaries (time sheets will still be used for the purposes of other funding programmes).

- In some public research centres, it would be difficult to get the final part of the budget once the project is complete because from an administrative point of view there might be some problems to spend the money (as the project is not active anymore).
- A consequence related to the evaluation of individual WPs, the project as a whole and to the fact that WPs are interlinked is that in the case of conflicting evaluations (i.e. Failed WP, successful project and vice versa) will create friction between the partners and increase the need for arbitration among them and between them and the commission.
- The lump sum system invokes the mentality where we go for 'done' instead of good... So I think it will actually decrease quality of results.
- The work could be done but the results don't be goods. If the payment is only by the results, it could be dangerous. Also, if a partner does all the work but other partner doesn't the impact is for all.
- Management, communication, and dissemination work-packages are heavily penalised! A new policy for those work packages being necessarily active during the whole course of the project is greatly needed.
- It creates incentives for beneficiaries to focus on the implementation of the action instead of incurring cost to consume the available grant amount.
- Projects will shift from high risk - high gain research to predictable/standard research.
- Less administration.
- In my opinion any lump-sum funding based on achieving milestones, to be determined by a small group of persons or a project officer, will lead to risk-avoidance, resulting in (1) proposals that contain only 'certain to achieve' milestones, rather than high-risk high-gain and innovative ambitions and (2) where true collaboration is avoided, as then all partners collaborating on a milestone would not receive funding if one partner underperforms.
- Lump sum scheme even if simpler may generate errors if not used properly. Clear financial rules, including examples, for lump sum should be provided by EU Commission regarding this new scheme and its correct use.
- We are only a few weeks into the lump sum project, so it is hard to say. At a first glance, the focus switches from justifying costs, to showing results. The only concern that comes to mind is, that the projects can sometimes produce unexpected results that were not foreseen at the time of the application.
- Lump sum provides more flexibility and target-oriented tool for certain actions.
- 1) There is a need to increase the efforts during the proposal preparation due to the need to provide detailed descriptions of the Work Packages. 2) Also, the project management efforts will increase since the financial support will depend on the partners performance affecting the work packages under review. 3) The proposal coordinators will need to establish a priori audits of the potential partners, due to the joint liabilities.
- In a lump sum project payment of next instalment takes place after the completion of a WP. This is a major problem for WPs that last during the full duration of the project and will be paid after the end of the project.
- In short, when the perceived technical risks of a task can affect the outcome of other tasks or the work package (WP), the project design becomes an exercise in risk mitigation, creating an excessive number of WPs and tasks to avoid the fallout of a failed task affecting other partners.
- A shift in 'financial' workload from project implementation towards proposal phase. Due to low success rates, an enormous increase in workload for grant offices.
- Easier access to funding (less competition) for continuing project activities or strengthening results.
- More effort in the budget definition during the proposal preparation phase.
- Creates a better collaboration between partners, simplifies the application process (if the enormous excel file is omitted) or complicates the application process....
- Using country coefficients in MSCA or Erasmus+ actions have created a situation that it is very difficult to attract foreign researchers to come to Estonia due to less amount of money they get for living.
- The use of a lump sum system leads to a more results-oriented approach and to less focus on administrative, financial (bureaucratic) processes. The lump sum model combines the best out of tendering and grants mechanisms.
- The lump sum approach will result in average quality of research and innovation, will automatically exclude a substantial group of stakeholders, will have a negative impact on the employability of (starting) researchers and will put a high pressure on the financial strength of the organisation.

- Since Budget for Work Packages is only paid if all contributions have been delivered, lump sum projects become per se less 'collaborative', to minimise risks. The whole issue of how to settle disputes if one partner does not deliver has not been resolved yet. We advise only to collaborate with 'reliable/known Partners' for lump sum: newcomers will have a harder time to enter the game if lump sum is generalised.
- Different consortium and work package building. It influences the structure of the project.
- Not clear what happens if you consume less than expected. If you are going to receive more money than the one spent, you get a funding higher than it should be. Moreover, as you can be audited at any time (and in the case of Shift2Rail we are audited anyway every year) we still need to do the same administrative and financial work even if we have lump sum, so it doesn't reduce any effort. Moreover, partners can be impacted if one partner does not do its work.
- Difficulties to understand the commitment and real audit/verification of partners real spent money.
- We are still at the beginning - it appears to require more amendments.
- Partners are highly dependent on each other to collaboratively successfully complete work packages. While this might sound odd at first, this can actually force the partners to collaborate to a higher degree. Certainly, this can also backfire and increase friction between partners.
- For big consortium the lump sum might not be possible. A possibility could be to have milestones and instalments based on these milestones. At the same time lump sums reduces financial errors but increases risks related to fraud. A very strong focus on performance assessment is therefore needed.
- 1) Beneficiaries must get used to this system and adapt to it internal processes (in case you need to do detailed financial reporting and timesheets according to the internal rules, advantage of thy system is diminishing). 2) There is flexibility inside the system (rules of the programme) but partners themselves inside the consortium can put their own barriers (e.g. due to the covid situation some partners responsible for travel unspent travel costs and other partners want to redistribute it and use it for other activities of the consortium and wish to redistribute money, however it seems not logical under lump sum system).
- In general, focus on scientific-technical content / project performance, rather on financial management and checking costs (no actual cost reporting, no timesheets needed, no financial audits from the EC).

Q13. Do you have any suggestions or requests for how lump sum projects should be carried out?

- 1) That you should not be dependent on all parties making their delivery to receive a grant. 2) The budget templates in the grant agreement were clearer using the flat rate way.
- 1) Evaluation in 2 steps, 2nd one focussed on assessing the budget-lump sum. The LS requires a proper negotiation. The H2020 no-negotiation approach does not work here. 2) It is not clear how the project monitoring will be done. I do not agree with not having financial audits.
- Better call requirements should be defined, especially in providing similar lump sums examples for standard research activity on the basis past projects/initiative. Moreover, evaluators need more guidance and more tools to assess the lump sum amounts and how these can be assessed within the context of the proposed activity/WP.
- Better training and documentation are needed for EC officers and projects.
- The project call topics should be established to facilitate the task of the consortia in the design of the work-packages and better clarity to be provided. In some cases, it should also be possible to accept work-packages that in their design represent mid-results paving the way for the final results to avoid too long activities without monitoring in the middle. Guidance is fundamental, but to be avoided to transform it in bureaucracy.
- Clear guidance documents should be made available both for participants and EC staff, especially for everything related to the lump sum budget. For EC staff in particular, some financial training on lump sums could be organised internally so that Project Officers feel comfortable when running lump sum evaluations. If it is not the case, they will tend to imply Financial Officers in the evaluations'

discussions (in addition to the external experts), which will add complexity to the evaluation process and will go against the simplification spirit that the lump sum system is supposed to bring.

- Clear procedures should be put in place to define all the actors' involvement and which and when checks should be performed. I had the impression to apply the old rules to make something new and sometimes it does not fit. so maybe a completely new approach should be considered.
- We had to redesign work-packages prior to the grant agreement completion, because of the lump sum and the lack of PO's experience with it. I hope this will not be the case in the future.
- 1) Less prepayment. 2) More freedom to shift budget between partners and work packages, as long as the deliverables are accepted by the EC.
- The past projects have been well organised already. Let's see how the EIC Transition grants will develop, but it is a pity to see the FET Innovation Launchpad grants going away. Perhaps having an EIC Transition Lite scheme (with a 100 k Lump Sum similar to the FET Innovation Launchpad) could be good to have. It is understood that one can apply for Transition with 100k budget, but the amount of work to apply seems to be much higher.
- It imposes that the spirit of it is also visible in the practical implementation.
- If actual cost is higher than the lump sum amount for it, it should be clearly stated that covering the balance by other grants should not be considered double granting, even if the Scope of Work is identical, as it is covered by two independent financial sources, but in a complementary way, not through double dipping.
- Budget template.
- I think planning and real-life contributions should be clearer upfront.
- Interim payment milestones would be helpful i.e. unlocking some funds when deliverables within a WP are released or a milestone passed.
- I prefer unit cost.
- Templates for more complex budgeting at proposal stage should definitely be required.
- Some projects are underpaid thanks to low amount of lump sum, i.e. RISE project in the MSCA family.
- Same scientific & academic procedures, but with lump sum funding.
- Different work package design, uncouple WP completion with the payment.
- work package design, project call requirements.
- A plan/policy for how to involve partners effectively through workplan.
- 1) Some activities (high risk, high gain) are less suited for LS Financing. The requirement to 'have implemented the WP according to the work plan' is the obstacle here. One solution is to write down a very vague work plan with very generic deliverables so that whatever we do in the WP, can be explained as being in line with the vague description of the work plan. (We are going to explore X, and we will deliver a report on the exploration...). 2) Other activities, that are far more predictable are much better suited (low risk). 3) I would prefer a hybrid approach where high-risk WPs on actual costs are complemented by low-risk WPs on Lump Sums.
- In the grand scheme of things, Lump sum is more flexible and provides easier understanding on process of financial works. One point I need to point out from my experience, national and EU regulations on financial practices needs to be synchronised as much as possible.
- If flexibility is given to the consortium to deliver the project without monitoring the effort but by focusing on the quality of the deliverables, then there is no need for so much detail in the grant preparation as regards the details of the budget and its breakdown.
- It could be good to have guidelines on how to draft the consortium agreement in the framework of lump sum projects.
- I think project calls need to have a commercial goal, so often the calls are so esoteric, that many great consortiums get excluded. Project goals need to reflect what is actually going on, rather than fanciful calls that are shaped by lobbying groups/academia.
- 1) For lump sum project, prefinancing should be more at least 60% and coordinator should be obliged to redistribute it without undue delay according to each beneficiary's share of the global budget.2) In the work package description, partners should be requested to clearly identify who does what at the task level.
- A lump sum project requires more trust between partners but on the other hand increases distrust and the need for corrective measures to be in place during project execution (e.g. when it comes to liabilities from one partner to the other). The setting up of this policy and the implementation thereof is now done on a consortium level. It would be helpful if the EC had some guiding policies in place to

ease the strain in setting up the consortium agreement and give some parameters regarding intra-consortium liabilities which specifically arise due to the lump-sum funding scheme.

- Applied to small grants, with few participants and with linear implementation.
- I feel that WPs ending should always overlap the reporting period ending for all the projects.
- Even as lump sums the rules and regulations and laws for procurement and transparency of the use of public funds still apply. Therefore, to assist with the management of the funding, the commission should publish a precise and clear set of rules and procedures to make sure that each projects demonstrates its impact to the taxpayers.
- The process needs more guidelines.
- Have 0-20-40-60-80-100% options for WP's that are finalised. Now it's all or nothing and this may bring huge costs to a partner if WPs are not approved even when they did all the work but another partner in the project didn't. You run huge financial risks, with nothing to manage that. If we would have like 80% completion, at least some of the costs will be reimbursed.
- Use standard templates as much as possible.
- Clear definition on the payment system.
- 6 monthly reports to show utility and progress to ensure sums are being used appropriately but not a heavy overview.
- I like them - as the bureaucracy is way below the usual one.
- Policies need to be improved, because at we need to take care of the same issues (timesheets etc), so I honestly don't see so many simplifications.
- Templates, clear procedures regarding all type of expenditures, personnel time recording (i.e time sheets required or not), overheads.
- CSA application was working well.
- The need to amend the contracts every time that there is a scope, budget, delays, etc. should be reconsidered.
- Periodic payment for WPs that last during the full duration of the project would be a more efficient way to manage the project budget.
- In short, the lack completion of a task in a WP should not affect the other partners in the same WP, nor those partners should have to wait much beyond their own scheduled execution times to recover their expenses.
- More guidance for coordinators, also for setup of consortium agreements.
- The lump sums should have clear connection with existing calls. The amounts of financial support should be different for different types of lump sum. The application to a lump sum instrument should not be focusing only on existing (running projects) but also consider past ended successful projects.
- 1) Automatic tool available on the funding and tender portal to help managing and monitoring the activity implementation. 2) More information on the Annotated Grant Agreement about Lump Sum with examples. 3) Need for short guide for Lump Sum project management. 4) Payments should be granted according to the percentage of completion of the WP activities, not only on the whole WP completion.
- There have been rejections/payment delays due to minor formal mistakes that have nothing to do with the question whether a deliverable was completed successfully or not. Those delays are unnecessary. There should be a simplified procedure for accepting deliverables, e. g. pre-defined deadlines.
- The answers to the questions above depend on which type of lump sum you consider. Concerning the lump sum for RIA/IAs, linking the payment to the success/end of a WP for all partners results in a higher financial uncertainty for the partners. It also creates less flexibility within the project (which for innovative research is definitely a disadvantage).
- All activities / work packages should be correlate with budget (lump sums) clearly.
- Templates, concrete simple rules, and example calculations can be useful.
- 1) The prefinancing should be carefully planned, following flexible reporting periods, pertinent to each project. 2) The review process should become more participatory, including Project Officers and independent experts, and follow the project lifetime (instead of focusing on specific milestones/reporting periods/snapshots in time). The latter would ensure better alignment of project's results with EU policy goals and priorities.

- In our experience, the excel provided by the Commission for the financial statement did not accept changes, forcing us to create a new one each time that a modification was incorporated during the writing of the proposal. Therefore, more friendly formats would be welcome.
- For multi-beneficiary lump sum projects, the project partners should create different work packages for each project partner to limit financial risks. Content wise, this is not okay. Therefore, we suggest to limiting lump sum financing to higher TRL mono-beneficiary projects.
- For individual projects lump sum makes a lot of sense: ERC PoC, Marie Curie Fellowship.
- To release payments per milestone reached and not per WP completed. One milestone per Task.
- Focus more on completion of deliverables rather than completion of Work Packages. Consider payment after completed deliverables to avoid creation of excessive amounts of WP.
- There is the need to disassociate work packages completion with the payment of the full amount to all participating partners. Additionally, solutions should be sought for typical horizontal work packages (project management, communication, and dissemination, etc.) which are thus only fully paid at the end of the project.
- Needs to be tested, further pilots are needed before embarking to a big shift.
- Create template for Consortium Agreement specifically created for lump sum system, pay attention to the issue and cases of necessity of GA amendments.
- Clarify the differences between LS options 1 and 2 in practice; Simplify budget excel (option II) in proposal preparation; include the necessary budget tables in the Funding & Tenders Portal (Part A - reforms); make clearer the approaches that can be applied in WPs of different nature, e.g. when comparing to development activities, management and coordination, communication and dissemination WPs have a longer duration (typically throughout the whole project), which compromises WP completion and thus makes reporting and LS payment more complex.

Q15. Please elaborate or add to any questions asked, or share any information you think is complementary but did not suit any question.

- If I must be honest, this kind of scheme will reduce the involvement and the checks done by some actors especially the financial officers maybe, most certainly leading to substantial reduction of this kind of profiles in the future if lump sum is largely extended, obviously FO could be worried about it.
- So far, I only have experience of the lump sum during the proposal development stage. I found it immensely cumbersome. It may make life easier later, during project delivery, but I don't know that yet.
- Preparing the consortium agreement is much more complicated and takes much longer.
- I do not have a great deal of experience with the lump sum system. I was involved in a H2020 proposal that was successful under the lump sum system, but I am not the coordinator, and the project has not yet started.
- About 15-25% margin between WPs and PMs should be given, this would be enough to secure the flexibility for the project management.
- Lump sum are easier but also more difficult. There should be fixed and clear rules and competent and available project officers at disposal.
- Some very strict regulations such as the change on the duration of the WPs requires amendment, should be simplified.
- Fantastic way to do it. Makes it more likely I will submit a good project than before.
- Could consider the degree of necessary budgeting in lump sum projects, it they should have the flexibility to apply for different amounts. Could consider lump sum vs. 'fixed sum' with country coefficients (e.g. MSCA ITN/PF).
- 1) Will there be a difference in the evaluation by the EC of the deliverables resulting from a lump sum project as compared to other EU-funded projects? 2) Will there be any kind of audit by the EC even for sampling purposes in view of fine-tuning future lump sum calls for proposals?
- I think there should be more collaborative calls. So often the R&I work overlaps, yet there is little interaction between projects. That said, I believe the EU are exemplary in their approach to moving things on, rather than merely talking them up. Keep up the great work.

- Although the lump sum model may bring some benefits in terms of control and follow-up from entities external to the project, it is very complex to setup and follow internally to the project. It seems that the lower the TRLs associated, and more flexibility is needed, the worse is the lump sum model adapted. Also, it is not clear how very large projects with many partners involved would deal with the model.
- I think the lump sum is a really good idea as it makes beneficiaries really think about their work package structure more than just stating it in a generic way.
- I understand the need for a lump-sum funding mechanism. In theory it looks great. In practice the negative impact on consortium dynamics outweighs the perceived benefits of a lump-sum funding arrangement.
- From a business case perspective. if we only have a couple of months to go and the work is 60% finished. we are almost sure we can't finish it... then from a financial perspective it may be better to drop everything immediately to avoid more costs.... this is not the outcome you want in a project... you want to go for as completed as possible.
- Again, a new policy for the payment/evaluation of typical work-packages lasting for the full duration of the project is heavily needed. (Getting paid only in advance payment and then after the end). Maybe reducing the advanced payment for these WPs and guaranteeing some intermediate payment (based on deliverables completion, instead of WP completion) could be a quick a useful work around.
- Key will be the level of trust under which EU DG Research and EU project officers are allowed to operate when using lump sums. Past experiences make me doubtful in regard of this.
- It is possible to prevent or to forecast a specific methodology to reduce the payment risk in case of no working partner inside a WP?
- As said, we are very at a very early stage of our first lump sum project (M3 out of 36), so our experience is limited.
- For the EU FP projects carried out by my organisation, I do not foresee reduction on the administrative efforts from lump-sum in relation to current way of working.
- The sum lump model was perceived negatively by all partners, not only because of the perceived risk of not recovering the invested money in case of other partner failing, or the amount of time required for that even in a successful case, but mainly because instead promoting collaboration it promoted risk mitigation and distrust.
- Up to now, experience with two lump sum projects in proposal and GAP. Experience during implementation will start from April onwards. We are looking forward to experiencing the simplification during this phase. In addition, very interested in receiving feedback on reporting of already ongoing lump sum projects.
- The lump sums should have a very specific focus and could be of different types: e.g. innovation, strengthening a research direction, strengthening educational or other types of activities. The tool should be flexible and proper evaluation on experts should also take place.
- It should be established clearly in Applicant Guide or Implementation Manual exactly how to spend project budget, considering this new possibility Fixed Lump Sum, otherwise we will encounter internal/organisational problems, because we have a 'habit' of spending project budgets.
- The lump sum model in EU funded research and innovation projects, should ideally combine the best out of tendering and grants mechanisms. The call text should ideally strike a balance between expected impact and well-defined results, without restricting the innovation and beyond the state-of-the-art (unlimited) potential.
- The number of projects within the lump sum pilot that we are involved in is still very limited. If the outcome of this survey seems to be positive, we would advise to continue piloting before taking any decisions.
- There are a lot of differences between ERC PoC lumpsum projects and other types of projects. I think that in de lumpsum pilot in Horizon 2020, 90% are ERC PoC projects and this questionnaire gives a total wrong impression of the experiences of researchers and others. You should have sent a questionnaire to the non-ERC PoC grants.
- In general, we are positive towards integrating a lump sum system for all grants. However, it is more vulnerable when you have an under-performing partner, i. e. you are dependent on the performance of another partner to get paid.

- According to the grant agreement, amendments are necessary in a lump sum project as soon as tasks shift from one partner to another. This is very inflexible and not conducive to project implementation. Lump sums should make things easier for beneficiaries and not only for the commission. In MSCA a huge problem with the lump sums is the funding gap for researcher salaries.

Should the EU Framework Programmes for research use the recently piloted lump-sum (LS) system instead of traditional, expense-based reimbursement? The idea behind LS is that payments are made based on obtained results according to the agreed project plan. It aims to simplify the system by removing cost reporting, and helping to shift the focus from financial management to the technical and scientific content of projects.

This study has collected input from 167 individuals from 29 countries, working for universities, research and technology organisations, small and large corporations, government organisations and European institutions, complemented by in-depth interviews with five randomly selected respondents. The most important result is that the general attitude towards the LS system is quite positive – it is perceived as better than the traditional system, at least for some funding schemes, and is seen as meeting its aims. However, the system could be modified further to reach its full potential.

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