



IGLO in Action

Second IGLO Workshop on Lump Sum Funding

- Summary Report -

Disclaimer

This report presents the main discussion points from the *Second IGLO in Action Workshop on Lump Sum Funding* organised by the IGLO Implementation Working Group on 11 October 2023. The statements and findings presented are those of the individuals participating in the event and do not necessarily reflect the views of their institutions, the IGLO network or its individual Members.

This summary report is **not** an IGLO position paper or the network's official statement on lump sum funding under Horizon Europe.

The report has been compiled by [KoWi](#) and [UKRO](#) with the support of the wider [IGLO Implementation Working Group](#)

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Background and objectives

A few years ago, the European Commission introduced a new way of funding research and innovation projects - utilising lump sums instead of actual costs - and is aiming to introduce them more widely in the current EU Framework Programme for Research and Innovation – Horizon Europe. It is therefore important to gather feedback from organisations that already have experience with lump sum applications and projects to feed into the Commission’s planning on this matter under Horizon Europe and the future framework programme. Furthermore, many organisations in Europe that have not yet gained experience with lump sum projects have called for information on the actual implementation of this form of funding, which this report can also provide.

The *Second IGLO in Action Workshop on Lump Sum Funding* was held virtually on 11 October 2023 and was organised by the IGLO Implementation Working Group. Research managers from organisations that applied for or participated in Horizon lump sum projects were invited to discuss their experiences. As the first edition of the event in March 2022 revealed that lump sums present challenges, especially in collaborative projects, the organisers focussed specifically on Horizon projects in the form of Research and Innovation Actions, and Innovation Actions during this event.

This report includes the main findings from the workshop. As the projects of most of the participants are still ongoing, the current findings are only preliminary and cannot represent a comprehensive assessment of the lump sum funding approach. They will be shared with the European Commission, the European Court of Auditors, IGLO offices and other interested parties. The IGLO Implementation Working Group will continue to engage with the stakeholders involved in lump sum projects and consider suitable follow-up activities in this area, if relevant.

Participants

The workshop gathered 68 participants from more than 50 organisations (universities, research organisations and companies) representing 17 countries: Austria, Belgium, Czechia, Estonia, Finland, France, Germany, Hungary, Lithuania, Netherlands, Norway, Poland, Spain, Sweden, Switzerland, Türkiye and the United Kingdom.

The full list of institutions represented by the participants is available in the [Annex](#).

Increased workload during proposal preparation

The vast majority of the participants stated that the overall workload related to preparing a proposal for lump sum projects is higher than for actual cost projects. Only a few participants thought that it was about the same amount of work.

According to the participants, the higher workload stems from the fact that more time is required to divide projects into work packages and allocate the project budget to individual work packages/partners. This is because in lump sum projects applicants seem to have a different and more cautious approach to designing the project activities and preparing the budget when compared to actual cost grants. To avoid potential financial disadvantages, more attention is paid to minimising dependencies between partners (especially the riskier ones) and estimating the expected costs as accurately as possible (see [chapter about project design](#) and [chapter about budget calculation](#)).

The participants also reported that the division of the work packages and the budget allocation were the reasons for lengthier discussions within the consortium. More communication between partners is needed for these types of projects, which in turn requires additional resources. This is particularly noticeable among the coordinators who tend to have a more important and more resource-intensive role in lump sum projects. They often had to explain the lump sum approach and its rules to the partners or even offer special training courses to the consortium. Overall, the need for a stronger role for the coordinator is considered critical in cases where the coordinating institution itself has no or little experience with lump sum projects.

Based on the feedback received from the participants, more resources for communication are also needed within the organisations, especially between different departments of the administration and between the administration and researchers involved in the project. The participants pointed out that a lot of explanatory work about lump sum funding needs to be done at the institutional level and that various new workflows have to be introduced for lump sum applications. This is especially difficult and resource-intensive because actual cost funding is expected to stay the predominant funding approach in EU Framework Programmes for Research and Innovation for the foreseeable future. Therefore, additional workflows and processes for lump sum projects have to be established and maintained alongside the existing ones used for actual cost projects.

The participants who have already worked on several lump sum project proposals confirmed that such an additional workload typically decreases with experience, but requires time for the institutions to adjust. They also expect that less communication within the consortium will be required as more organisations gain experience with lump sum projects over time. Nevertheless, a complete reduction of the higher workload in lump sum applications is not expected.

Many participants see the higher workload for lump sum applications as a possible competitive disadvantage for Horizon Europe in general. Because of the low success rates in the programme, any simplification measures and benefits realised at the reporting stage of lump sum projects ultimately benefit only a small number of successful applicants and are thus not viewed as a significant enough incentive for many organisations to consider applying.

Work package structure – more important than ever in the design of a project

The participants reported that there is a greater focus on the design of work packages when preparing lump sum project applications. This led to the applicant organisations investing more time in the proper design of the work packages and better communication within the consortium.

According to the participants, this is mainly due to the nature of lump sum projects and the differences between them and actual cost projects. These include - above all - the fact that payments during the project are made in full only when all work package activities are finalised and the work package has been accepted by the Commission as completed; this means that, in principle, the cash flow of a beneficiary depends on all beneficiaries involved in a work package.

The fact that the Commission had increased the level of pre-financing since the first lump sum projects seems to have a partially mitigating effect. Some participants report that as a result, cash flow requirements now play a less significant role in the design of work packages for them. On the other hand, the lack of clear guidance from the Commission in the past led – and to some extent still leads – to a stronger focus of the applicants on the work package structure. In the past, this concerned the persisting rumours about the joint liability of all beneficiaries for unfinished work packages and nowadays concerns the reimbursement of costs for incomplete work packages (see [chapter about guidance provided](#)).

The participants stated that in lump sum proposals there is a general tendency to reduce interdependencies between partners by reducing the number of partners in work packages. In some cases, work packages were even assigned only one beneficiary. Furthermore, it was noted that there is a trend to reduce the number of tasks covered by a work package. It was reported that many project activities that would normally constitute a single work package in actual cost projects are now split into several work packages to help further minimise the potential financial risks to the beneficiaries involved. This mainly concerns horizontal work packages such as management or communication, but in some cases also some content-related work packages.

The downsizing of work packages in terms of content, tasks and partners involved generally leads to a higher number of work packages in lump sum projects. This is seen as a disadvantage for the project as a whole and as a contradiction to the idea of EU projects as multi-disciplinary and collaborative projects where the participants jointly implement the relevant activities. The increased number of smaller work packages is also seen as a potential drawback for the financial aspects of projects since it could reduce budget flexibility and therefore complicate budget shifts.

Many participants reported that more attention is being paid to what is promised as part of the project and its work packages. This includes the definition of activities and deliverables etc. within the work packages, but also a more precise allocation of tasks between the partners.

The majority of participants confirmed that there is a greater trend towards reliable and well-known partners when selecting consortium members for lump sum projects compared to actual cost grants. However, the participants had different views on whether this leads to avoiding newcomers and unknown institutions or not.

The participants also reported that there is often a difference in approach between researchers and administrators when it comes to designing work packages and choosing project partners. In many cases, scientists are not aware of the potential financial risks for the institution and need to be informed about them by the research support staff.

The project design also played a role for some participants during the Grant Agreement Preparation Phase as the Commission requested modifications to the work package structure of their projects. For example, in the case of a particularly high number of work packages, it was requested that these be reduced; in other cases, it was insisted that certain work packages be divided up according to the reporting periods.

Some participants were concerned that the stronger focus on work package design in the applications could be at the expense of the content and quality of the science involved. Whether this is the case, however, can only be assessed following a long-term evaluation of the lump sum funding approach.

Budget calculation - more complicated for some, unchanged for others

The participants' views on preparing the budget for lump sum projects varied when compared to the budget in actual cost grants. Some have not noticed any difference between these two funding approaches and therefore saw no need for any adjustments at the organisational level. Others, however, stated that for lump sum projects a more detailed and more cautious calculation was necessary and therefore more resources were needed. In some organisations, this led to the previous decentralised approach at the department level being abandoned in favour of a more centralised approach.

Participants who use a different approach to the budget calculation for lump sum projects cited fear of financial disadvantages as the main reason. They were concerned that the activities promised in the Grant Agreement could result in project implementation costs that would not be covered by the lump sum, which is often agreed several years in advance. One reason for this is that they expect the Commission to take a different and more critical approach when assessing the fulfilment of project tasks compared to actual cost projects. Another reason is the lower expected budget flexibility for the entire project where the lump sums are defined per work package instead of budget shares per beneficiary. Some participants therefore expressed concerns that lump sum projects are more similar to tenders than to typical research projects.

Inflation and rising wages are seen as particularly problematic when drawing up the budget in general. Many participants see the negative effects of these cost drivers as even more pronounced and therefore consider the risk of financial disadvantages to be higher in lump sum projects when compared to actual cost grants.

During the Grant Agreement Preparation phase, some participants reported enquiries from the Commission to justify certain cost items that eventually led to budget cuts that had to be accepted only by individual participants. These were mainly projects from the first lump sum calls for proposals in Horizon 2020 and, in some cases, the cuts were not justified from the participants' point of view.

In the following section, we will look at two of the Commission's tools that played a role in the budget calculation - the mandatory Excel budget table and the Horizon Dashboard for lump sum evaluations.

Detailed Excel Budget Table Template

The participants' feedback on the mandatory Excel budget template also showed a mixed picture. Some feel that the amount of information requested is too detailed and that the budget overview is no longer clear and practical. On the other hand, other participants welcomed the level of detail required and also saw the usefulness of the table in budget monitoring.

Participants who have already taken part in several Horizon lump sum calls confirmed that the Excel table has improved since its introduction. They also welcomed the fact that the same table is used in other EU programmes where lump sums are utilised (e.g. Erasmus+).

Criticism was mainly voiced in relation to the functionality or the format of the file itself. This includes a lack of flexibility and adaptability. For example, if the composition of the consortium or the order of the beneficiaries changes, the table must be filled in from scratch. Some institutions also reported that it was not possible to send the file by email or upload it to a collaborative editing tool in addition to the fact that the macros used in it are often flagged as a security risk by institutional cybersecurity systems and thus do not function properly.

Furthermore, many participants found it difficult to translate the different staff categories of their own organisation and to define units for some cost categories. Some participants would like to be able to insert information about bonuses and 13th salaries in separate cells. Others wished for an automatic plausibility check of the data entered in the future.

The Excel file created by the consortium has to be uploaded to the Funding & Tenders Portal by the coordinator. Many participants criticised the fact that the other beneficiaries would then no longer be able to see the budget table. This seems particularly problematic if the coordinator has made last-minute changes, sometimes without consulting the consortium. Thus, it was suggested that going forward the budget table be integrated directly into the submission system.

[Horizon Dashboard for lump sum evaluations \(personnel costs\)](#)

The Horizon Dashboard for lump sum evaluations was not known to all participants. Many of them did not know that such a publicly accessible database of salary figures existed. These participants were therefore also unaware that an explanation is expected in the application when using higher figures than those provided in the Dashboard.

Among those who were aware of it, some saw it as a helpful tool for budget planning. In the opinion of these few participants, the Dashboard provides the coordinators with an overview of personnel costs in other countries allowing them to better assess their partners' budget figures. However, the majority of participants see the use of the Dashboard in budget planning as problematic. The reason for this is that the figures are not up-to-date and that other partners either use or interpret them incorrectly.

The reason for the Dashboard figures not being up-to-date stems from the origin of the data itself, namely current projects and projects that have already been applied for. The participants recognise that the Commission has improved the database since the initial release of the Dashboard but its figures are still seen as generally too low. Therefore, normalcy becomes the exception and applicants must always explain and justify their typical figures. A particular weakness of the Dashboard is seen in the data for countries whose institutions have so far only been able to participate as Associated Partners (e.g. Switzerland) where it was reported that the Dashboard data is particularly outdated due to a lack of up-to-date project data.

The participants welcomed the much clearer information about the Dashboard's purpose and explanations about the data used in it. Nevertheless, they reported that the Dashboard and its figures are still misunderstood by many coordinators and partners. For example, it seems to be the case that coordinators generally refuse to include personnel costs that are higher than those indicated in the Dashboard.

Some simplifications in reporting but little relief in record-keeping

Reporting

30 participants stated that they had already completed one or more reporting periods in their lump sum projects and therefore had experience with this part of project implementation. Ten participants reported that their lump sum project had already been completed.

The participants who had already completed a reporting period rated the financial reporting of their lump sum project very positively. In their opinion, financial reporting has become much simpler and therefore, generally, requires fewer resources in the finance departments. Beneficiaries in lump sum projects only have to declare in the Funding & Tenders Portal which work package has been completed and the financial report is generated automatically.

However, this simplification contrasts with an increased need for resources required for the technical reporting part. On the one hand, this concerns the requirements for the periodic technical report, which many participants describe as more extensive and detailed than in actual cost projects. On the other hand, this also relates to the increased number of queries from the Commission on deliverables and milestones. The participants also reported different interpretations of the requirements for technical reporting among different Project Officers (see [chapter about guidance provided](#)).

When preparing project reporting in lump sum grants, the participants recognised a greater need for cooperation between the various departments of their institution and the scientists involved. The reason for this is a perceived stronger link between technical and financial reporting in lump sum projects compared to actual cost grants. It was mentioned by some participants that individual institutions have also adapted their internal reporting processes on projects for this purpose.

Furthermore, there have also been cases of consortia tightening up their internal project reporting procedures. Some coordinators have introduced stricter rules that go beyond the Commission's requirements. The aim is to ensure the successful completion of the work packages and secure their acceptance by the Commission.

Finally, it appears that one of the biggest perceived challenges with reporting concerns dealing with incomplete work packages at the end of the project. So far, none of the participants had any experience with such a situation.

Keeping records

Based on the feedback received from the participants, one of the main benefits offered by lump sum projects – not having to keep financial evidence of the expenditure – cannot be utilised at all or only in part for numerous reasons. Most of them stated that they would continue to keep financial records as they do in actual cost projects. Only very few institutions make concessions when it comes to timesheets and do not require their scientists to keep such documents. However, this is usually only the case if the employee is not involved in other projects with different requirements.

The reason given in almost all cases is that there are certain retention obligations at the national or organisational level. These rules do not allow an exception for lump sum projects. In some organisations, it was also considered too costly to introduce and implement a second approach to retention obligations for just a few projects.

Furthermore, due to the lack of comprehensive guidance documents such as the complete Annotated Grant Agreement and the lack of experience with audits in lump sum projects, there are concerns and

mistrust as to whether financial evidence is indeed no longer required. In addition, the participants feel that the information available to date on dealing with incomplete work packages is not sufficient (see [chapter about guidance provided](#)) and thus they tend to keep more rather than fewer documents.

The allocation of documents to different work packages was also cited by some organisations as a reason for making the retention of documents fundamentally more difficult. A very small number of organisations stated that they keep even more documents in lump sum projects than in actual cost projects, particularly for the technical part.

The participants also reported that, in their experience, there are sometimes differences of opinion between the scientists and the administration regarding the record-keeping requirements in lump sum projects at their organisations. On the one hand, there are reports of scientists who only refer to the information provided by the Commission and ignore the national and institutional rules, while others prefer not to keep fewer documents. Consequently, additional communication and guidance from the Commission on this aspect of lump sum projects is necessary to avoid misunderstandings.

New monitoring tasks and significant scepticism about budget flexibility

Project monitoring

According to the participants, the task of monitoring the implementation of the activities specified in the Grant Agreement and the fulfilment of the associated milestones and deliverables is even more important in lump sum projects when compared to actual cost grants. The main reason for this is the greater interdependence between the project partners and the disbursement of the project budget. Unlike in actual cost projects, the non-performance of one partner can delay the acceptance of the costs of another partner involved in the same work package. As a result, there is a greater need to monitor the completion of tasks by the other partners.

This increased monitoring effort must be borne primarily by the coordinator and is exacerbated further by the generally higher number of work packages in lump sum projects. Furthermore, individual work package leaders are now often considered to have greater responsibility for monitoring tasks.

The participants reported that, due to the lack of experience with lump sum projects, no fixed standards have yet been established concerning monitoring and that various approaches are being tried out in the consortia. Internal project reporting systems are often introduced, some of which contain budget information in addition to the technical content. In other consortia, the number of project meetings was increased to ensure that information could be exchanged in good time.

The participants consider dealing with non-performing or poorly performing partners as one of the greatest challenges in lump sum projects. However, there was hardly anyone among the participants who already had experience with such a situation. Many expect that a properly adapted consortium agreement can minimise the risks that non-performing partners pose to the other members of the consortium.

Closely linked to this is another major challenge, namely the acceptance of incomplete work packages at the end of the project and the reimbursement of the relevant costs. The lack of experience with this situation and incomplete guidance documents led to uncertainty among the participants as to how project monitoring could be best adapted to this.

As with reporting, the participants also noted a greater need for cooperation between the various departments of the institutions and the scientists involved to ensure proper project monitoring. Many institutions have already adapted their internal processes in this area.

Payments

The participants had different opinions on whether or not the pre-financing amount was sufficient for their project. This is mainly because the Commission has recently increased the pre-financing amounts for this type of projects. Consequently, the participants whose projects have only recently been launched tended to rate the pre-financing as sufficient.

The level of pre-financing is seen by the participants as less of a problem for large organisations. Rather, it is feared that insufficient pre-financing is more likely to cause problems for consortium partners that have no or few other sources of funding, such as SMEs.

So far, no participants reported that their project was fundamentally underfunded (i.e. a situation in which the expenditure exceeded the amount of funding from the Commission). However, there were discussions in individual organisations about how to deal with the opposite case and whether their internal regulations would allow a potential excess.

Budget transfers & amendments

Many of the participants consider budget transfers that may be necessary in the course of a project to be a major challenge in lump sum projects. Although according to the rules, a budget transfer does not necessarily require an amendment, there is a tendency among the participants to do so anyway.

The reason for this is the need of the organisations to contractually secure their respective budget shares within the work packages. As amendments for similar transfers are not necessarily required for actual cost projects, the participants feared an overall higher number of amendments and the associated higher administrative effort in lump sum projects. Lump sum projects are therefore considered by many participants to be fundamentally less flexible in terms of budget reallocation.

Some participants reported that many organisations tend to 'secure' their budget shares in the work packages, which often leads to them being less willing to give up unused parts of the allocated budget. There were also cases in which the scientists were willing to redistribute their unused budget shares, but the administration of the institution refused to do so. Some participants also noted that in the event of a planned redistribution, not all partners were equally willing to provide information about their actual costs in the work package, although such information is necessary to carry out an appropriate redistribution.

As far as amendments are concerned, only some of the participants had experience with these. Those with relevant experience reported that the process was similar to that in actual cost projects. It was also confirmed that an efficient implementation of formal amendments greatly depends on the Project Officer. However, similarly to actual cost projects, there are major differences between the Project Officers and their overall level of knowledge and experience.

Some participants reported positive experiences with applying for an extension of the project duration and the extension of deadlines for deliverables. There were also reports of work package adjustments being approved during the project without any problems because some activities turned out to be impossible to fulfil. This was seen by those affected as a better alternative to waiting for the end of the project and having the Commission accept the incomplete work package at that stage.

Better guidance provided by the Commission but some gaps still exist

The participants very much appreciated that the Commission offered a lot of information and guidance on the lump sum funding approach in the form of dedicated documents, instructional videos and webinar recordings. The participants who took part in the first lump sum call for proposals under Horizon 2020 stated that the guidance available has improved considerably since then. In particular, the participants praised the development of a [dedicated website](#) where all relevant documents can be found in one place. However, there was also some criticism of the fact the information is still spread across different documents.

Furthermore, the participants saw some major gaps in the information provided by the Commission. This primarily concerned two important questions: (a) on what basis and to what extent the costs of incomplete work packages would be reimbursed, and (b) in case of incomplete work packages or in case of doubt about the completion of work packages, would evidence of the costs incurred not be required at all. Despite the statements made by the Commission to date, there is a great deal of uncertainty among the participants on these issues. The absence of a complete version of the Annotated Grant Agreement as the most important guide on project implementation was cited as one of the main reasons for this.

Some participants would also like to see more guidance on the division of work packages when designing a project and on the calculation of the budget. Others expressed the need for more guidance and tools for coordinators to monitor project implementation.

The participants also expressed the need for more support when drawing up a consortium agreement and wanted a specific template for lump sum projects. In the meantime, the [DESCA Group has published a model agreement](#) that addresses the specific requirements of such grants.

Many participants criticised the fact that the Commission's communication and guidance on lump sum funding is often one-sided and focuses mainly on the potential benefits and simplification. This often gives scientists the wrong impression and the administration of their institutions needs to invest a lot of time to clarify any misunderstandings and prioritise other important aspects of lump sum projects.

In the experience of the participants, there are major differences between the numerous Project Officers within the various Granting Authorities; their level of knowledge about lump sum projects and their rules, as well as the level of support they can provide varies significantly. This applies to both, the Grant Agreement Preparation phase and the supervision of ongoing projects. In cases where the Project Officer was less informed, the participants had to invest extra time and resources to communicate with them. The participants with several lump sum projects or those whose Project Officer changed during the lifetime of the grant have reported being confronted with contradictory statements from different individuals. According to the participants, in some cases, insufficiently trained Granting Authority staff led to unjustified budget cuts at the Grant Agreement Preparation phase. This mainly affected the first lump sum projects funded under the Horizon 2020 lump sum pilot calls for proposals.

Annex: Participating organisations in alphabetical order

1. Åbo Akademi University, Finland
2. Adam Mickiewicz University, Poland
3. Alfred Wegener Institute for Polar and Marine Research, Germany
4. AMIRES, Czech Republic
5. Babraham Institute, UK
6. Centre for Ecological Research, Hungary
7. Civitta Eesti AS, Estonia
8. Czech Technical University in Prague, Czech Republic
9. Delft University of Technology, Netherlands
10. Durham University, UK
11. Eberhard Karls University of Tübingen, Germany
12. EMBL-EBI, UK
13. Eveliqure Biotechnologies GmbH, Austria
14. Forschungszentrum Jülich, Germany
15. Fraunhofer-Gesellschaft, Germany
16. French Alternative Energies and Atomic Energy Commission (CEA), France
17. Fundació Eurecat, Spain
18. GEOMAR Helmholtz Centre for Ocean Research, Germany
19. German Aerospace Center (DLR), Germany
20. Ghent University, Belgium
21. Graz University of Technology, Austria
22. Hasselt University, Belgium
23. Helmholtz Centre for Infection Research, Germany
24. Helmholtz-Zentrum Berlin, Germany
25. HUN-REN Research Centre of Natural Sciences, Hungary
26. Institute of Bioorganic Chemistry, Polish Academy of Sciences (IBCH PAS), Poland
27. ITAINNOVA, Spain
28. Karolinska Institute, Sweden
29. Kiel University, Germany
30. KU Leuven, Belgium
31. Leibniz-Institute of Photonic Technology, Germany
32. Max Planck Society, Germany
33. Pázmány Péter Catholic University, Hungary
34. Polish Platform for Homeland Security (PPBW), Poland
35. Poznań Science and Technology Park (PPNT), Poland
36. Sabanci University, Turkey
37. Semmelweis University, Hungary
38. Silesian University of Technology, Poland
39. SINTEF, Norway
40. St George's, University of London, UK
41. Tecnalia Research & Innovation, Spain
42. UK Research and Innovation, UK
43. University College London, UK

44. University of Amsterdam, Netherlands
45. University of Bern, Switzerland
46. University of Edinburgh, UK
47. University of Exeter, UK
48. University of Girona, Spain
49. University of the Arts London, UK
50. University of Warsaw, Poland
51. Vall d'Hebron Institute of Oncology, Spain
52. Vienna University of Technology, Austria
53. Vilnius University, Lithuania