

CAJU Guidance note for the classification of Wind-Tunnel Testing facilities in Horizon Europe projects

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Legal basis:

- Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, and repealing Regulations (EU) No 1290/2013 and (EU) No 1291/2013, OJ L 170, 12.5.2021
- Council Regulation (EU) 2021/2085 of 19 November 2021 establishing the Joint Undertakings under Horizon Europe and repealing Regulations (EC) No 219/2007, (EU) No 557/2014, (EU) No 558/2014, (EU) No 559/2014, (EU) No 560/2014, (EU) No 561/2014 and (EU) No 642/2014, OJ L 427, 30.11.2021
- Horizon Europe Model Grant Agreement (MGA) v1.1 dated 15/04/2022
- Annotated Model Grant Agreement (AGA), PRE-DRAFT (HE) incl. update for ALL PROGRAMMES dated 30/11/2021

Calls for Proposals for Horizon Europe:

All calls within CAJU will be open to all entities. Therefore, all Wind-Tunnel Testing (WTT) facilities are equally encouraged to apply within consortia to participate in the CAJU Grant Agreements where their services are needed. The CAJU aims to treat all entities (including WTT facilities) in a fair manner and without any specific privileged situation given to certain entities.

Definitions:

Affiliated entity: In accordance with Article 2 of the Horizon Europe regulation,¹ which stipulates that the definition stated in article 187(1) of the EU Financial Regulation² must be used, the following entities shall be considered as entities affiliated to the beneficiary:

- (a) entities forming the sole beneficiary
- (b) entities that have a link with the beneficiary, in particular a legal or capital link, which is neither limited to the action nor established for the sole purpose of its implementation.

How to declare costs related to WTT facilities in Horizon Europe projects:

- Horizon Europe Model Grant Agreement

The CAJU has considered five options for a WTT facility affiliated to a beneficiary of a CAJU Grant Agreement to declare costs in Horizon Europe:

- Beneficiary – Article 7 MGA
- Affiliated entity – Article 8 MGA (former “linked third party” option under H2020)
- Internally invoiced goods and services (replaces IKC from third parties against payment) - Article 6.2.D.2 MGA
- Purchasing of equipment and capitalized assets (replaces IKC from third parties against payment) – Article 6.2.C.2 MGA (option applicable when listed in the call conditions)
- Subcontracting – Article 9.3 MGA

1. BENEFICIARY - ARTICLE 7

Beneficiaries who wish to participate in CAJU projects with WTT facilities, should preferably add the WTT facilities to the Grant Agreement as either another beneficiary or, if the WTT facility is an affiliated entity, they may also be added as an affiliated entity.

If the WTT facility is a department within an entity, it is the main entity that must accede to the Grant Agreement and declare all the costs related to the WTT facility based on its own internal accounting system.

For example, WTT facilities may claim costs under personnel costs (Article 6.A.3 MGA), internally invoiced goods and services (article 6.2.D.2 MGA), purchasing costs (Article 6.2.C.2 MGA) or other goods, works and services (Article 6.D.3).

1.1. Personnel costs:

The personnel costs of the WTT facilities are eligible as long as they fulfil the eligibility conditions outlined in Article 6.2.A. This includes:

¹ Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination

² Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union

- Costs for employees (or equivalent) (see Article 6.2.A.1)
- Costs for natural persons working under a direct contract and for personnel seconded by a third party against payment (see Article 6.2.A.2 and 6.2.A.3)
- Costs for SME owners not receiving a salary and for beneficiaries that are natural persons not receiving a salary (see Article 6.2.A.4)
- Costs for volunteers (see Article 6.2.A.5)
- Other personnel costs (see Article 6.2.A.6)

For WTT facilities with seconded staff, the costs of seconded staff are eligible if they (a) work under conditions similar to those of an employee (in particular regarding the way the work is organised, the tasks that are performed and the premises where they are performed) and (b) the result of the work belongs to the beneficiary (unless agreed otherwise). They must also fulfil the eligibility criteria laid out in articles 6 and 7 of the HE MGA and AGA.

According to the AGA, work carried out in the GA must be under the full and direct control, instructions and management of the affiliated entity, who carries out this part of the action (with its employees). However, the AGA also states that affiliated entities may use seconded personnel and record them as personnel costs if the remuneration and conditions of their contract are similar to those of their own employees (see articles 6 MGA and 7 AGA for the specific eligibility criteria). They may also use seconded personnel from other beneficiaries/affiliated entities in the action, but the beneficiary who employs the seconded personnel should bear the costs.

NB: If seconded from another beneficiary (or affiliated entity) in the GA, it is the beneficiary (or affiliated entity) who employs the staff that must claim the costs. This means that where a WTT facility participates in a GA as a beneficiary or affiliated entity, and the personnel of the WTT facility are seconded from one or more beneficiaries participating in the GA, it is the beneficiaries that seconded the personnel who must include the personnel costs in their budget, and **NOT** the WTT facility.

1.2. Internally invoiced goods and services:

Under internally invoiced goods and services, a significant share of the operating costs, generally considered as overheads, may be charged as costs directly linked to the action under certain conditions (calculated on the basis of the beneficiary's usual cost accounting practices and directly measurable). All costs that can be declared are mentioned in Article 6.2.D.2 of the MGA.

1.3. Purchase of equipment:

Purchase of equipment applies to both equipment purchased during the implementation of the GA, and equipment purchased before the GA is signed and also used for other purposes. This article also applies to leasing or renting equipment if the price is not higher than the depreciation costs of similar equipment.

Purchases by WTT facilities are eligible if they fulfil the general eligibility conditions and are bought using the beneficiary's usual purchasing practices — provided these ensure purchases with best value for money (or if appropriate the lowest price) and that there is no conflict of interests.

In the purchase of equipment there are two types of costs that may be charged:

- a) Full capitalised costs: Full capitalised costs can be charged if the WTT were purchased or developed specifically for the project. Capitalised costs are costs incurred in the purchase or for the development of the equipment, infrastructure or other assets and - which are recorded under a fixed asset account of the beneficiary in compliance with international accounting standards and the beneficiary's usual cost accounting practices.
- b) Depreciation costs: For WTT purchased before the GA signature, only depreciation costs can be charged, on the basis of the costs actually incurred and written off in accordance with international accounting standards and the beneficiary's usual accounting practices. Only the portion of the costs that corresponds to the rate of actual use for the action during the action duration can be taken into account.

The depreciable amount (purchase price) of the equipment must be allocated on a systematic basis over its useful life. If the equipment's useful life is more than a year, the beneficiary can NOT charge the total cost of the item in a single year. Depreciated equipment costs can NOT exceed the equipment's purchase price. If the beneficiary does not use the equipment exclusively for the action, only the portion used on the action may be charged; the amount of use must be auditable.

1.4. Other goods, works and services:

This budget category covers the costs for goods and services that were purchased for the action, such as:

- costs for consumables and supplies (e.g. raw materials, office supplies)
- communication and dissemination costs (e.g. translation and printing costs or graphic designer fees for printed products such as leaflets or other promotional items in relation to communication activities; conference fees; costs for speakers and interpreters)
- costs related to intellectual property rights (IPR) (e.g. costs related to protecting the results such as consulting fees or fees paid to patent offices)
- costs for certificates on financial statements (CFS) and certificates on methodology (CoMUC)
- costs for financial guarantees (only if required by the granting authority).

The costs must be declared as actual costs and comply with the following eligibility conditions:

- fulfil the general conditions for actual costs to be eligible, i.e. incurred during the action duration, necessary, linked to the action, etc (see Article 6.1(a)).
- be purchased specifically for the action and in accordance with Article 6.2.C.3 Other goods, works and services.

There is no specific calculation method. The costs must correspond to the eligible costs actually incurred (i.e. the amount paid by the beneficiary for the supply of the goods, works or services).

Specific cases related to costs for consumables and supplies:

Supplies in stock — Supplies and consumables which were already in the stock of the beneficiary may be eligible as a direct cost, if they are used for the action and fit the definition of direct costs under Article 6.2. Self-produced consumables with an accounting value in the inventory of the beneficiary (i.e. not internally invoiced costs for goods and services)

Consumables that are manufactured (produced) by the beneficiary itself do not have a purchase price; the cost of production for the beneficiary is however normally recorded in the accounts of the beneficiary (as part of the inventory). Therefore, the eligible costs of self-produced consumables must be determined on the basis of its accounting value under the following conditions:

- only the direct costs within the accounting value of the consumable (cost of production) may be charged and
- the amount resulting from the indent above may not be significantly higher than the market price of the consumable

2. AFFILIATED ENTITY - ARTICLE 8

WTT facilities added as affiliated entities can charge costs and contributions to the action under the same conditions as the beneficiaries and must implement the action tasks attributed to them in Annex 1 in accordance with Article 11 of the Grant Agreement. Please refer to section to determine how to declare costs.

NB: In order for the affiliated entity to declare costs of the WTT facility under internally invoiced goods and services, the affiliated entity itself must have an internal accounting system in place.

3. INTERNALLY INVOICED GOODS AND SERVICES - ARTICLE 6.2.D.2

Unlike the situation mentioned in section 1.2 above, the reference to internally invoiced goods and services here is regarding the situation where the WTT is not participating in the GA as a beneficiary nor an affiliated entity.

In this case, in order to declare costs of the WTT facility under internally invoiced goods and services, the beneficiary participating in the GA (and **not** the WTT facility) must have an internal accounting system in place for the WTT facilities. If the beneficiary does not have an internal accounting system in place, this will not apply.

If the beneficiary has an internal accounting system in place, a significant share of the operating costs, generally considered as overheads, may be charged as costs directly linked to the action under certain conditions (calculated on the basis of the beneficiary's usual cost accounting practices and directly measurable).

4. PURCHASE OF EQUIPMENT - ARTICLE 6.2.C.2

Unlike the situation mentioned in section 1.3 above, the reference to purchase of equipment here is regarding the situation where the WTT is **not** participating in the GA as a beneficiary nor an affiliated entity. Therefore, the purchase of equipment must be carried out by the beneficiary(ies) participating in the GA and not the WTT facility.

All other provisions mentioned in section 1.3 apply.

5. SUBCONTRACTING – ARTICLE 9.3

WTT facilities can be subcontracted by the beneficiaries of a project when none of the beneficiaries have such a capability. When subcontracting activities, the principles of best value for money or lowest price, and no conflict of interest must be respected. The activity should not represent core research activities; only limited parts of the action may be subcontracted.

Subcontracting to affiliated entities is **NOT** allowed, unless there is a framework contract in place or the affiliated entity is the usual provider, and the services are priced at market conditions.

Subcontracting to affiliated entities will be treated as an exception, to be analysed and authorised by the JU on case by case basis depending also on the type of the WTT (uniqueness of the facility) and market context/level of competition in the provision of such service in the interest of transparency and cost-efficiency. Proof of the above would need to be provided to the JU, i.e. details of the tender procedure and a comparison of prices or a price assessed to be at market conditions in case of a non-competitive type of WTT service.

When assessing subcontracting to affiliated entities, in light of a financial link between the entities, it would also be necessary to demonstrate that there is no potential conflict of interest and hidden economic advantage for the beneficiary when selecting the affiliated WTT facility as a subcontractor.

The burden of proof is with the beneficiary(ies), and the beneficiary(ies) must also bear the risk of additional checks in case of an audit.

NB: Subcontractors must implement their action tasks in accordance with Article 11 of the MGA. The costs for the subcontracted tasks (invoiced price from the subcontractor) are eligible and may be charged by the beneficiaries, under the conditions set out in Article 6 of the MGA. Subcontracts are normally wide in scope (implementation of a part of the project, i.e. action tasks). If a contract covers only individual equipment or consumables, this will be considered as a purchase (see Article 6.2.C.2 and C.3).

Records and other Supporting Documentation

The beneficiaries must keep appropriate and sufficient evidence to prove the eligibility of all the costs declared, proper implementation of the action and compliance with all the other obligations under the Grant Agreement. If costs that are not supported by appropriate and sufficient evidence, they will be rejected.

‘Sufficiency’ relates to the quantity of evidence; ‘appropriateness’ relates to its quality. Evidence is considered sufficient and appropriate if it is persuasive enough for the auditors, who assess it according to generally accepted audit standards.

The evidence must be verifiable, auditable and available. It must be correctly archived for the duration indicated in the Grant Agreement (see Data Sheet, Point 6). In general, for at least 5 years after the balance is paid (3 years for low value grants up to EUR 60 000) or longer if there are ongoing procedures (audits, investigations, litigation, etc). In this case, the evidence must be kept until they end.

For actual costs, beneficiaries must use cost accounting practices and internal control procedures that make it possible to verify that the amounts declared, amounts recorded in the accounts and amounts recorded in supporting documentation match up.

Examples of records for internally invoiced goods and services:

- Accounting records; financial statement extracts; time records (or other records) for the share of personnel costs included in the unit costs; invoices or contracts for maintenance costs, cleaning costs, other services, etc, showing how the actual costs are directly or indirectly included in the unit cost calculation.
- Evidence that shows that there is no profit/margin/mark-up included in the internally invoiced goods and services (e.g. different rates: one for billing the activity, with mark-up, and another one for internal costing, free of any mark-up); lists of accounts/cost centres that were excluded from the calculation of internally invoiced goods and services — because already included in the costs claimed under another budget categories (e.g. under personnel costs).
- Traceable data used to determine the budgeted/ estimated elements; records on the nature and frequency of the updates of the budgeted and estimated elements etc.

More information on record keeping and supporting documentation, also regarding other cost categories can be found in Article 20 of the AGA.

Large Research Infrastructures (LRIs)

The notion of LRIs as known under Horizon 2020 has been discontinued in Horizon Europe. As mentioned in Recital 82 of the Horizon Europe Framework Programme 2021/695,³ this was the consequence of the choice to enlarge the coverage of the internally invoiced goods and services concept in order to allow for a wider acceptance of the usual cost-accounting practices of the beneficiaries:

*'In accordance with the Financial Regulation, the Programme should provide the basis for a wider acceptance of the usual cost-accounting practices of the beneficiaries as regards personnel costs and unit costs for internally invoiced goods and services, **including for large research infrastructures within the meaning of Horizon 2020**. The use of unit costs for internally invoiced goods and services calculated in accordance with the usual accounting practices of the beneficiaries combining actual direct costs and indirect costs should be an option which could be chosen by all beneficiaries. In that respect, beneficiaries should be able to include actual indirect costs calculated on the basis of allocation keys in such unit costs for internally invoiced goods and services'.*

³ Regulation (EU) 2021/695 of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination, OJ L 170, 12.5.2021, p. 1–68.

Annex 1:

EXCERPT FROM HE MGA AND AGA ON INTERNALLY INVOICED GOODS AND SERVICES:

HE AGA – article 7 pg 79

Example: Costs for a wind tunnel facility

Examples of costs generally eligible as part of the unit cost	Examples of costs ineligible as part of the unit cost
Staff working for the facility (e.g. technicians, engineers and other persons directly assigned to the functioning of the wind tunnel)	Bank interests
Depreciation of the equipment, including specific software and hardware necessary for the functioning of the wind tunnel	Provisions for future expenses
Generic supplies like electricity used for the wind tunnel	Cost declared under other cost categories (e.g. personnel cost, equipment depreciation cost) and indirect cost
Insurance of the wind tunnel (or the premises in which it is located)	Any other ineligible costs
Specific maintenance and cleaning of the wind tunnel equipment (e.g. air cooling system)	
Calibration/metrology tests of the wind tunnel	
Costs of shared infrastructures where the wind tunnel is located, allocated via usual key driver (e.g. central heating, air-conditioning system) and their related shared maintenance costs	
Depreciation costs of shared buildings allocated via usual key driver (e.g. if the building where the wind tunnel is located is part of a main building of the beneficiary)	

Annex 2:

EXCERPTS FROM HE MGA AND AGA ON PERSONNEL COSTS:

HE MGA – article 6 pg 26

A.2 and A.3 (...) costs for seconded persons by a third party against payment are also eligible as personnel costs, if they are assigned to the action, fulfil the general eligibility conditions and:

- (a) work under conditions similar to those of an employee (in particular regarding the way the work is organised, the tasks that are performed and the premises where they are performed) and
- (b) the result of the work belongs to the beneficiary (unless agreed otherwise).

They must be calculated on the basis of a rate which corresponds to the costs actually incurred for the direct contract or secondment and must not be significantly different from those for personnel performing similar tasks under an employment contract with the beneficiary.

HE AGA – article 7 – pg 42

The costs must comply with the following eligibility conditions:

- Fulfil the general conditions for costs to be eligible (i.e. incurred/used during the action duration, necessary, linked to the action etc.
- The person must be hired under either:
 - a direct contract signed between you and the natural person (not through another legal entity; e.g. a temporary work agency) or
 - a contract signed between you and a legal entity fully owned by that natural person, and which has no other staff than the natural person being hired or
 - a secondment agreement with the employer of the natural person
- the person must work under conditions similar to those of an employee, in particular:
 - the beneficiary must organise and supervise the work of the person in a way similar to that of its employees
 - the person is subject to similar presence requirements as the employees
 - the remuneration must be based on working time, rather than on delivering specific outputs/products.
- the result of the work carried out (including patents or copyright) must in principle belong to the beneficiary;
- the cost of the person must not be significantly different from costs for employees of the beneficiary performing similar tasks; if the beneficiary does not have employees performing similar tasks, the comparison must be done with national salary references of the country where the beneficiary is located, for the staff category to which the person belongs in the sector of activity of the beneficiary and
- the cost must correspond exclusively to the remuneration of the person and related eligible taxes.



HE AGA – article 7 – pg 44

Secondment of staff between beneficiaries/affiliated entities — Is allowed, but it is the beneficiary/affiliated entity who employs the person who has to declare its costs (NOT the beneficiary/affiliated to whom the person has been seconded).

HE AGA – article 8 – pg 96

Work is under the full and direct control, instructions and management of the affiliated entity, who carries out this part of the action (with its employees).