

Question 1. As you may know many Polish organisations use the internal regulations on project bonuses which are rather general and flexible. At the moment some of them started to debate on the adequate changes to be carried out in their internal regulations, especially focussing on objective conditions triggering the bonuses in order to be able to charge them to H2020 projects. The major difficulty lies in the fact that the rules of different national funders vary a lot. They indeed may fit into general and flexible regulations, based on ranges (e.g. up to 300%). In situation when the internal regulations are stricter and based on fixed levels of bonuses, in many cases it will be just not feasible for the organisations to establish set of rules applicable equally to projects provided by all the funders. In these circumstances the only reasonable solution seems to be exclusion some kinds of projects for which the amounts are defined by the funder and are not compatible with the amounts set up by the organisation. Please find below examples of such exclusions with our kind request to comment on their eligibility in the context of H2020.

Suggested entries in the internal regulations:

Example 1: the internal rules provide that the hourly rate for work in the externally funded projects will be 250% of basic salary unless the funder accepts only a lower amount (e.g. in NCN projects amounts defined by the funder are usually lower than these to be indicated in the internal rules).

Example 2: the internal rules provide that the hourly rate for work in the externally funded projects will be 250% of basic salary unless the funder defines other levels (e.g. in FNP projects the suggested amounts defined by the funder are higher than these to be indicated in the internal rules. It is worth mentioning that the high levels of FNP are not obligatory, only suggested, but yet commonly used).

Example 3: the internal rules provide that the hourly rate for work in the externally funded projects will be 250% of basic salary with exception of projects funded by NCN, FNP and other funders defining levels of the project remuneration.

Reply:

We understand that:

- the purpose of the question is to assess if the internal rules may set an exception for projects in which the funder fixes the remuneration level,
- the percentage given (i.e. 250 %) is just an example, and the purpose of the question is **not** to analyse the level of the project bonus.

Against this background we conclude that:

Example 1 would be generally compatible with the Horizon 2020 provisions on additional remuneration.

Example 2 could be acceptable but only if the '*other levels*' defined by the funder are obligatory (not just suggested).

Example 3 could also be used. Yet, we would suggest removing the explicit references to NCN and FNP and keeping only a general reference to funders defining obligatory levels of project remuneration (e.g. to avoid having to update the internal rules if there are later on changes affecting the rules of these fund providers; or if there are new funders with mandatory remuneration rules). However, please note that, as we stated for Example 2, the exception should cover cases in which the funder 'defines' the level of remuneration. We understand that (apparently) FNP does not define the level of remuneration, just suggests it. It should therefore not be covered by the exception.

In all three cases, to avoid possible misinterpretations we would recommend to precise in the internal rules what will be considered as the basic salary: for example, does it include items like family allowances?

Finally, please note that the general conditions for eligible costs must also be complied with. For example, Article 6.1.(vii) provides that for the cost to be eligible they must be '*reasonable*'. In the same vein, Article 6.5.(viii) provide that '*excessive or reckless expenditure*' are ineligible costs. As you know salaries are not homogeneous among Polish beneficiaries and may vary largely even within the same organisation. In the extreme situation (highest salaries), multiplying the basic salary by (for example) 250 % may result in a level of personnel costs incompatible with the abovementioned cost eligibility conditions. In other words, even if the examples above may be compatible with the Horizon 2020 provisions on additional remuneration, this does not imply that all resulting costs would be automatically eligible. It may be advisable to set out also in the internal rules a maximum level of remuneration (e.g. up to a maximum of X € per hour)

Question 2. Does the decision (described above) to exclude in the internal regulation projects provided by the particular funder (e.g. NCN or FNP) influence the way of deciding the national project reference? Should the national project reference in these cases be decided based on all national projects that are closest to the H2020 action including NCN and FNP projects or based on national projects that are closest to the H2020 action but excluding NCN and/or FNP projects?

Reply: As explained in the AGA, if the national law or the internal rules set up different remuneration levels for different types of national projects (or for different work within the projects), the reference will be the one applicable to the type of project/work that is closest to the H2020 action.

Therefore, if the type of national projects closest to the specific Horizon 2020 action is, for example, an NCN project and if specific remuneration rules (not the general rules) apply to those projects, the national projects reference for that Horizon 2020 action would be the one resulting from the rules applicable to NCN.

Question 3. Internal regulation provides that the hourly rate for work in the international cooperation projects (funded by national, EU or international funders) will be 250% of basic salary. Should the national project reference in this case be decided based on all national

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projects that are closest to the H2020 action or rather based on national projects focusing on international cooperation (e.g. realised in the consortium...)?

Reply: If that would be the only rule for project-bonuses in the internal regulations, the national project bonus would be 250 % of the basic salary if it was paid at least once in an international cooperation project funded by a national programme.

Question 4. Organisation implements new internal regulation based on the objective conditions from 1.03.2018 and will be paying bonuses based on this regulation from this moment. Could it be acceptable to include a kind of transition rule indicating that in case of already running projects (or already submitted proposals) the regulation will apply only if it is possible in terms of budget accessibility (bonuses due according to the regulation will not have to be paid if sufficient amounts are not foreseen in the project budget)?

Reply: A simple way to implement such limitation would be to set out in the internal rules that the new conditions for bonuses would only apply to projects for which the proposal was submitted after a given date (e.g. the date in which the new internal rules become applicable).

Question 5. We would like to notice that indication concerning average remuneration of the employee in the previous financial year in AGA (p.61) *“ If the remuneration included ineligible items (e.g. profit distribution, arbitrary bonuses) those must also be removed”* seems to be inconsistent with what was written in the explanation we have got in September this year :

“...in order to use the average, the beneficiary should not have either relevant applicable national law or internal rules setting the remuneration for national projects. In that context, the salaries paid could be included in the average even if they were decided only on the discretion of the management...”

Reply: Thank you very much for this remark. We understand that the current wording of the AGA in that regard may indeed be misleading. We will review this part of the guidance for the forthcoming update of the AGA.