

Information for the Horizon 2020 beneficiaries on paying **additional remuneration** in projects – examples of entries in the internal regulations.

Based on the new provisions implemented in February 2017 it is **possible easier** [see **Comment** below] to **pay additional remuneration** to employees working in the H2020 projects. This option is open for organizations whose remuneration is project-based in the meaning of having usual practice to pay different remuneration levels depending on whether the employee works in specific project or not. It is the case of many universities, research organisations and other beneficiaries in Poland. In order to take advantage from the new provisions the beneficiary needs to have objective criteria for the bonuses included in his internal regulations.

Comment 0: paying ‘additional remuneration’ has been possible since the beginning of Horizon 2020. The February 2017 amendment of the Model Grant Agreement significantly reduced the scope of ‘additional remuneration’ and consequently enlarged what can be charged as ‘basic remuneration’ (i.e. not subject to the EUR 8 000 cap and to the specific conditions of additional remuneration). It would be perhaps more appropriate to refer to ‘beneficiaries paying higher remuneration in projects’ or something in that line (see parts marked above in yellow).

The full overview of the details and explanation referring to this matter (including calculation of the national project reference) may be found on the dedicated Polish NCP webpage <http://www.kpk.gov.pl/?p=36088> and it is not our intention to repeat or summarize them in this place.

Our purpose is to try to further facilitate the process of aligning the internal rules of Polish beneficiaries with the Horizon 2020 requirements by providing the beneficiaries with examples of concrete solutions and entries which may be included into their internal regulations. Because of variety of remuneration practices among the beneficiaries it is not possible to suggest one regulation fitting all. Instead we would like to present three examples with description and proposed wording which may be incorporated into the internal regulations according to different needs and specifics. It should be mentioned however that it is not closed list at all, only some examples as an alternative and inspiration.

MODEL 1

Internal rules for paying additional remuneration extended to all externally funded projects (based on exact figures)

Description: The internal regulation for paying additional remuneration refers to all externally funded projects of the organization. The extra remuneration is specified as an exact figure (X %, X1 %, X2 %...).

In the situation when internal regulations are strict and based on fixed levels of bonuses, in order to ensure flexibility needed to comply with various financial rules of different national funders we suggest the possibility to exclude from the regulation projects for which the amounts of additional project-related remuneration are determined by the funder. Rules of the funder will apply in this case.

Additional increase in the level of hourly rate may be considered in case of persons, who are in charge of the project.

Additionally in order to ensure adequate salaries for exceptionally significant national or foreign projects it may be worth to consider inclusion of provision on additional increase of the hourly rate in case of these projects.

Suggested entries which may be included into the internal regulation:

- Realization of externally funded projects is the basis for awarding an additional project-related remuneration
- The hourly rate of the additional project-related remuneration shall be calculated on the basis of the basic salary of the employee including following components
- Option A – The additional project related remuneration is calculated as X% of the basic hourly rate of an employee
- Option B - The additional project related remuneration is calculated on the basis of the basic hourly rate of an employee at a given position in the following way:
 - Professor – X1 % of basic hourly rate
 - Associate professor – X2 % of basic hourly rate
 - ...
 - ...
- Option C - The additional project related remuneration is calculated on the basis of the basic hourly rate of an employee upon a function performed in the project in the following way:
 - Person in charge of the project – X1 % of basic hourly rate
 - Financial manager – X2 % of basic hourly rate
 - PR expert - X3 % of basic hourly rate
 - Team member – X4 % of basic hourly rate
 - ...
- Applies to option A,B - person who is in charge of the project receive in addition to specified above X5 % of the basic hourly rate, if the rules on remuneration in these project allow for additional project related remuneration.
- A person who is a holder of prestigious foreign or national project, including in particular ERC grants, grants awarded by the Foundation for Polish Science (FNP) or other projects of strategic nature for the development of the institution receive in addition to specified above X6 % of the basic hourly rate , if the rules on remuneration in these project allow for additional project related remuneration.
- The rules do not apply to projects in which the rates of an additional project-related remuneration has been determined by the financing institution. In this case the rules of the financing institution apply.
- The additional project related remuneration is the result of multiplying the additional hourly rate by the number of hours worked in the project.

Comment 1: the entries above seem to be compatible with the Horizon 2020 specific rules for personnel costs. However, for the costs to be eligible they must also comply with the general cost eligibility conditions, notably that the costs must be reasonable and comply with the principle of sound financial management (Article 6.1(a)(vii)). If, for example, the resulting remuneration would be clearly beyond normal market conditions, the exceeding part of the remuneration would be ineligible, even if paid in accordance with the internal rules. It may be useful to define in the internal rules a maximum remuneration level to cap the increase in the remuneration for the extreme cases.

Concerning the addition X6% for prestigious foreign or national project, please keep in mind that it must have been paid at least once before the submission of the proposal in projects funded by a

national scheme in order to be taken into consideration in the national project reference and to be eligible.

MODEL 2

Internal rules for paying additional remuneration limited to a specific category of projects, e.g. projects implemented by international consortium (based on exact figures)

Description: The internal regulation for paying additional remuneration is limited to specific category of projects – in our example implemented by international consortium (international cooperation projects). The extra remuneration is specified as an exact figure (X %, X1 %, X2 %...).

In the situation when internal regulations are strict and based on fixed levels of bonuses, in order to ensure flexibility needed to comply with various financial rules of different national funders we suggest to consider the possibility to exclude from the regulation projects for which the amounts of additional project-related remuneration are determined by the funder. Rules of the funder will apply in this case.

Additional increase in the level of hourly rate may be considered in case of persons, who are in charge of the project.

Additionally in order to ensure adequate salaries for exceptionally significant national or foreign projects it may be worth to consider inclusion of provision on additional increase of the hourly rate in case of these projects.

Please note that in case of this option actions which are not implemented in the international consortium will be not included in additional remuneration scheme e.g. ERA-Chair or ERC [mono-beneficiary](#) grants.

It should be also mentioned that **in this case the national project reference should be established based on international cooperation projects funded by national programmes** (paid at least once before the submission of the H2020 proposal).

Suggested entries which may be included into the internal regulation:

- Realization of international cooperation projects is the basis for awarding an additional project-related remuneration
- International cooperation projects means projects implemented by international consortium consisting of minimum
- The hourly rate of the additional project-related remuneration shall be calculated on the basis of the basic salary of the employee including following components
- Option A – The additional project related remuneration is calculated as X% of the basic hourly rate of an employee
- Option B - The additional project related remuneration is calculated on the basis of the basic hourly rate of an employee at a given position in the following way:
 - Professor – X1 % of basic hourly rate
 - Associate professor – X2 % of basic hourly rate
 - ...
 - ...
- Option C - The additional project related remuneration is calculated on the basis of the basic hourly rate of an employee upon a function performed in the project in the following way:
 - Person in charge of the project – X1 % of basic hourly rate
 - Financial manager – X2 % of basic hourly rate

- PR expert - X3 % of basic hourly rate
 - Team member – X4 % of basic hourly rate
 - ...
- Applies to option A,B - person who is in charge of the project receive in addition to specified above X5 % of the basic hourly rate, if the rules on remuneration in these project allow for additional project related remuneration.
 - A person who is a holder of prestigious foreign or national project, including in particular grants awarded by the Foundation for Polish Science (FNP) or other projects of strategic nature for the development of the institution receive in addition to specified above X6 % of the basic hourly rate, if the rules on remuneration in these project allow for additional project related remuneration.
 - The rules do not apply to projects in which the rates of an additional project-related remuneration has been determined by the financing institution. In this case the rules of the financing institution apply.
 - The additional project related remuneration is the result of multiplying the additional hourly rate by the number of hours worked in the project.

Comment 2: As you correctly indicate, for the increased remuneration to be taken into consideration in the national project reference and in order to be eligible as part of the basic remuneration, it must have been paid at least once before the submission of the proposal in projects funded by a national scheme. This condition may be difficult to fulfil because, we presume, the number of national programmes funding international consortiums is probably low. Moreover, one of the points under revision regarding project-based remuneration for Horizon Europe is the definition of ‘consistently paid’ and ‘usual remuneration practices’. Indeed, if the higher remuneration has been paid only once, or in very few cases, in national projects but it is systematically paid in EU grants, it may be difficult to argue that paying that remuneration is the usual practice of the beneficiary applied in a consistent manner.

In summary, Model 2 based on ‘international cooperation projects’ may be compatible with the current Horizon 2020 rules but:

- It may be of limited use if there are no relevant national programmes funding international consortia, and
- It likely provides less legal certainty to the beneficiary as regards the eligibility of those extra payments as part of the basic remuneration.

In addition, Comment 1 above also applies to this Model 2 (i.e. suggestion to define a cap for the increased remuneration and comment on prestigious projects)

MODEL 3

Internal rules for paying additional remuneration extended to all externally funded projects (based on ranges).

Description: The internal regulation for paying additional remuneration refers to all externally funded projects of the organization. The extra remuneration is specified as a range instead of fixed bonus (between X % and Y %).

That range additional hourly rate would apply equally to national projects, EU projects and others. The minimum (X%) should be ~~at~~ the level of national project reference for H2020 (if the beneficiary has paid it at least once before the submission of the proposal in project funded by national scheme). And this minimum hourly rate will remain the national project reference for H2020. This way the payment of this minimum additional hourly rate would be eligible in H2020. At the same time the beneficiary is free to pay higher additional hourly rates for different projects, so the flexibility needed to comply with various financial rules of different national funders is ensured.

We suggest the possibility to exclude from the regulation projects for which the amounts of additional project-related remuneration are determined by the funder allowing only for payments lower than minimum (X1) .

Additional increase in the level of hourly rate may be considered in case of persons, who are in charge of the project.

Additionally in order to ensure adequate salaries for exceptionally significant national or foreign projects it may be worth to consider inclusion of provision on additional increase of the hourly rate in case of these projects.

In projects for which the procedures in reference to an additional project-related remuneration has been determined by the financing institution, the beneficiary will apply the provisions and way of proceeding defined by the fund provider (~~e.g. personnel costs not based on hourly rates~~). ~~But for others (including H2020 projects) the concept of hourly rate will be applied.~~ This difference in approach should be reflected in the internal regulation.

Suggested entries which may be included into the internal regulation:

- Realization of externally funded projects is the basis for awarding an additional project-related remuneration
- The hourly rate of the additional project-related remuneration shall be calculated on the basis of the basic salary of the employee including following components
- Option A – The additional project related remuneration is calculated as X% - Y% of the basic hourly rate of an employee
- Option B - The additional project related remuneration is calculated on the basis of the basic hourly rate of an employee at a given position in the following way:
 - Professor – X1 % - Y1 % of basic hourly rate
 - Associate professor – X2 % - Y2% of basic hourly rate
 - ...
 - ...
- Option C - The additional project related remuneration is calculated on the basis of the basic hourly rate of an employee upon a function performed in the project in the following way:
 - Person in charge of the project – X1 % - Y1% of basic hourly rate
 - Financial manager – X2 % - Y2% of basic hourly rate
 - PR expert - X3 % - Y3 % of basic hourly rate
 - Team member – X4 % - Y4% of basic hourly rate
 - ...

- Applies to option A,B - person who is in charge of the project receive in addition to specified above X5 % of the basic hourly rate, if the rules on remuneration in these project allow for additional project related remuneration.
- A person who is a holder of prestigious foreign or national project, including in particular ERC grants, grants awarded by the Foundation for Polish Science (FNP) or other projects of strategic nature for the development of the institution receive in addition to specified above X6 % of the basic hourly rate, if the rules on remuneration in these project allow for additional project related remuneration.
- The rules do not apply to projects in which the rates of an additional project-related remuneration has been determined by the financing institution at the level lower than set up above. In this case the level and rules of the financing institution apply.
- The additional project related remuneration is the result of multiplying the additional hourly rate by the number of hours worked in the project, however if the procedures in reference to an additional project-related remuneration has been determined by the fund provider, its provisions and way of proceeding will be applied.

Comment 3: As indicated in our cover e-mail, we consider that projects whose higher project-related remuneration is not based on hourly rates should not be excluded.

However, it may be possible to cover your concerns by replacing the two paragraphs marked in yellow above by a text similar to what is included under Method 2; i.e.:

- The rules do not apply to projects in which the level of an additional project-related remuneration has been determined by the financing institution. In this case the rules of the financing institution apply.

In addition, Comment 1 above also applies to this Model 3 (i.e. suggestion to define a cap for the increased remuneration and comment on prestigious projects)