

Breakthrough in regulating researchers' salaries funded from H2020 grants

Financing competitive salaries of researchers from Horizon 2020 grants is a serious challenge to publically financed research centres. In representation of the interests of domestic institutions and in cooperation with the other Member States concerned, the National Research, Development and Innovation Office has urged the European Commission to find a solution to this problem, and finally the accounting rules are now expected to be modified.

Compared to the EU's previous framework programme (FP7), the [Horizon 2020 \(H2020\)](#), the EU's research and innovation programme launched in 2014, introduced significantly stricter conditions on bonuses paid to researchers on top of their basic salary which led to a disparity between the remuneration of researchers working on H2020 projects and those working on projects funded from the Structural Funds or from national funds. The more stringent conditions on additional remunerations further widen the wage gap between Western European researchers and Eastern European researchers who are paid according to civil service pay scales. From the beginning, the National Research, Development and Innovation Office [has assigned key priority](#) to proposing solutions to the European Committee in representation of the interests of domestic institutions and also cooperating with the other Member States concerned.

In its [communication published at the end of February](#) the **European Commission** – as a result of several years' negotiations – admitted the adverse effects of the salary-funding rules applied since the beginning of the framework programme, and planned to **introduce new rules** that would remedy the remuneration issue in the EU13 countries. As a first step, the EC [amended the H2020 Model Grant Agreement \(MGA\)](#) modifying the concept of additional remuneration, which is capped at EUR 8,000, and thus extending the definition of basic remuneration.

Accordingly, certain project-triggered complements will qualify as eligible costs as part of the basic salary.

- The wider acceptance of the eligibility of project-triggered complements is a major negotiation result and a huge step toward the equitable remuneration of domestic researchers participating in H2020 projects.

However, the application of the new rules still **raises many practical questions**.

- It is still not clear, for example, what should be considered as the reference point for calculating the H2020 basic salary, and to what extent, in the case of multiple simultaneous domestic funding programmes.
- According to the European Commission's plans, EU co-financed programmes (e.g. EDIOP, CCHOP) may also qualify as national programmes in this respect, but the question remains which domestic funding scheme (e.g. Momentum Programme, Economic Development and Innovation Operational Programme – EDIOP, or the National Research, Development and Innovation Fund – NRDIFund) should be considered as reference wage rate in the case of H2020 projects.
- Also, the Commission is yet to confirm that the reference wage rate would be adapted to the institutional practice (actually paid wage rate) and not to maximum wage rate allowed by the given funding programme.

The detailed rules clarifying the above questions are expected to be finalised and published by the Commission at the end of April. Once the details are available, the **NRDI Office will provide information about them on its website** and will support applicants by providing consultation opportunities through its [National Contact Points](#) on how to apply the more preferential funding conditions.

In addition to the issue of researcher salaries, the modification of the Model Grant Agreement also influences the following areas:

- more flexible rules on internally invoiced goods and services;
- changed rules on natural persons involved in the implementation of the project under a contract other than an employment contract or equivalent appointing act;
- more precise rules on institutions receiving an operating grant;
- clarification that the budget of international partners not eligible for financing should also be indicated in the estimated budget;
- the Participant Portal remains the main channel of communication with the Commission even for closed projects.

Originally, the H2020 regulation to be modified now had negative effects primarily on the researchers of Member States which joined the EU in 2004 or later and which typically achieved a lower success rate in funding programmes from the outset (the so-called EU13). Under the current regulation, primarily the basic salary of researchers participating in a given H2020 project can be charged to the Horizon grant and only a small amount of additional remuneration can be financed from this source. This has resulted in considerable disparities between Western European countries with substantially higher basic salaries and Eastern European countries where researchers are paid according to civil service pay scales. In the latter group, including Hungary, the extra work of researchers is remunerated from project sources in practice. According to the original rules on eligible costs, which are expected to be modified now, the amount of additional bonuses paid to researchers on top of their basic salary is capped at EUR 8,000 per year, including taxes and contributions accounting for 50% of the gross amount. An additional remuneration capped at net EUR 333 per month does not compensate for the wage difference at European level. The H2020 programme would best help EU13 countries in retaining outstanding researchers by enabling them to charge higher basic salaries to the project budget during the project instead of the basic salary determined by the state.

The retroactively applicable changes are summed up by the Commission in the following documents:
http://ec.europa.eu/research/participants/data/ref/h2020/other/mga/h2020-mga-art-updatehistory_en.pdf

The Commission's press release:

<http://ec.europa.eu/research/index.cfm?&na=na-270217&pg=newsalert&year=2017>

The NRDI Office's previous article on the topic:

[Action for improving funding conditions for researchers funded under the H2020 programme](#)