Lump sum funding is one of the Simplified Cost Options (SCOs) that contributes to further simplification, reduce financial errors, and put more focus on content, under Horizon Europe.

Overall feedback from the Horizon 2020 lump sum pilot showed that lump sum funding works for all types of actions, for all sizes of projects, and in all thematic areas:

- Feedback from projects with small to medium budgets and small to mid-sized consortia was the most positive. Consequently, topics expecting to lead to small or mid-sized projects are good candidates for using lump sum funding (e.g., below EUR 10 million and with 10 or fewer beneficiaries). Many or most Coordination and Support Actions (CSAs) and mono-beneficiary actions fall into this category, but also many mainstream collaborative projects.

- SMEs and newcomers were particularly positive about lump sums. Therefore, topics expecting or calling for stronger participation of SMEs and/or newcomers are good candidates. Such organisations benefit especially from lump sums because they often lack the experience or capacity to correctly handle actual costs (the rules for which remain complex).

- Feedback from large multi-beneficiary lump sum projects (above EUR 10 million and with more than 10 beneficiaries) was also good, with most participants providing positive feedback. Therefore, lump sum funding is also suitable for topics expecting to lead to large projects worth more than EUR 10 million. On the other hand, the complexity of the detailed lump sum budget needed in the proposal, increases with the number of beneficiaries. Topics expected to result in projects with a very high number of beneficiaries (e.g., 50 or more) should not use lump sum funding for the time being as, so far, the approach has not been tested for very large consortia like this.

- Topics using two-stage evaluation are good candidates for lump sum funding. At stage 1, only the excellence and impact criteria are evaluated, but not the implementation criterion. Therefore, no budget details are required. The detailed cost estimations to justify the lump sum, and the proposed split of the lump sum per work package and per beneficiary are required only for proposals invited to stage 2. As a result, only those applicants with a high chance of obtaining funding will have to provide the detailed lump sum budget table, and the number of budget tables to be evaluated is also reduced.

In general, the basic steps for the definition of the lump sum are:

- Applicants provide their cost estimations. These estimations must fit the project/activities proposed, must be eligible cost items, must be in line with applicants’ usual practices and must be reasonable;

- Experts assess the provided cost estimation to ensure they are reasonable and non-excessive. Experts use data on personnel costs in Horizon Europe as an objective standard to help them assess the proposed personnel costs and they may recommend to
  - shift parts of the budget between partners and/or between work packages;
  - cut overestimated costs.

- The lump sum is defined during grant preparation / before grant signature using the applicants’ estimations and expert recommendations (if any).

From the above it is clear that, at the current stage, the Commission aims to use lump sums for projects with small to medium budgets and small to mid-sized consortia, without excluding bigger projects.

The Horizon Europe Work Programme 2023-2024 is expected to lead to around 1 600 lump sum projects; 87% of these will be below EUR 5 million, whereas 2% will be above EUR 10 million.