

H2020 Subcontractors & Other Third Parties

In principle, participants in Horizon2020 projects are expected to have all the necessary resources to carry out their share of the work themselves. Under certain circumstances, however, the participants can involve **external support**.

Entities providing such external support are called “**third parties**” because they do not sign the Grant Agreement. Nevertheless, such support should be **justified and recorded already in the proposal** to guarantee the acceptance of the respective costs by the EC.

Horizon 2020 distinguishes 4 basic types of third-party support:

- 1) the purchase of goods and services
- 2) subcontracts
- 3) work done by “linked third parties”
- 4) other third-party contributions

1) Purchasing goods and services (Art. 10, AMGA)

This category covers all cases in which the **participants** need additional help or equipment, but **carry out the promised project work** themselves (e.g. buying computers, hiring caterers, audit certificates, etc.).

The respective costs are budgeted and reported as “**other direct costs**”.

2) Subcontracts (Art. 13, AMGA)

A subcontract differs from the purchasing of goods and services in that the **task defined in the project description are carried out by the subcontractor independently** rather than by the project participant. A subcontract can only cover part of the work to be done by any beneficiary and the beneficiary remains fully responsible for the work done by the subcontractor.

The respective costs have to be indicated specifically in the project budget as “**subcontracting**”.

The **price of subcontracts or goods and services** usually includes a **profit margin** for the contractors. H2020 participants therefore have to choose such contractors on the basis of **best value for money** and follow the usually applicable tendering procedures.

Please note that the amount you spend on **subcontracting** is **excluded from** your calculation of **indirect costs** (see separate factsheet on “H2020 Costs & Budgeting”).

3) Linked third parties (Art. 14, AMGA)

If there is an “established” contractual or other legal link between the project participant and the contractor, the category of a “**linked third party**” may apply.¹

Such linked third parties are allowed to carry out work for the project independently (like subcontractors). Unlike subcontractors, linked third parties **claim their own (actual) costs** for the work they perform (i.e. without any profit margin).

4) Other third-party contributions

When no such established legal relationship exists, third parties can still provide external support (e.g. seconded staff, laboratory space, machines, etc.) in the following forms:

- in-kind contributions against payment (Art. 11, AMGA)
- in-kind contributions free of charge (Art. 12, AMGA)

The costs for such in-kind contributions are claimed by the project participant himself. But he can claim only the **amount actually incurred by the third party**. No profit margins are allowed either for the third party or the project participant.

☞ **Please note that these different kinds of external support are not interchangeable.**

Art. 8 of the [AMGA](#) provides a concise overview of the conditions for each case and how they differ from each other.

If you intend to take advantage of such external support for an H2020 project, we highly recommend to read the respective articles in the AMGA very carefully and to contact your [Euresearch Regional Office](#) for further advice on which type to choose.

CREATION DATE
08/09/2014

AUTHOR
Regina Schneider

¹ “Established” here means a relationship that is not limited to the particular project at hand, either in duration or content, e.g. parent companies and their subsidiaries or an association and its member institutions. The “linked third party” is the H2020 equivalent of the “Special Clause 10” in FP7. Only the wording has changed.