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Simplifying the implementation of the research framework programmes

**European Commission, Research DG
Interinstitutional and legal matters – Framework programme
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**'Future EU research and innovation landscape'
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Overview

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- 4. Measures under current legal framework**
- 5. Options for changing the rules and funding mechanisms**

Business Enterprise Sector participation

- **Participation in the FP6** **30%** (with an associated budget of € 4.6 billion)
 - ◆ of which SMEs **13%** (with an associated budget of € 1.6 billion)
- **Participation in the FP7** **25%** (with an associated budget of € 2.9 billion)
 - ◆ of which SMEs **16%** (with an associated budget of € 1.6 billion)



Political messages

- Overall goal of simplification: ensure attractiveness of FP to best researchers worldwide, to industry and in particular SMEs
=> simplification is imperative for reaching policy goals
- Right time for opening debate on simplification (budget review, EU 2020 and Innovation Europe, revision of financial regulation, communication on tolerable risk of error)
- Simplification requires commitment of other EU institutions – COM cannot act alone
- Re-balance trust and control, risk taking and risk avoidance
- Link to the accountability parameters - DAS - tolerable rate of error

Purpose

- Presentation of options (no legislative proposals)
- Open a debate with the other institutions in view of FP8
- Announce some immediate actions under the current rules
- If supported by the debate, some urgent changes to FP7 rules not excluded

Measures under current legal framework

- Improve user support, guidance, transparency and IT tools
- Uniform application of rules (across the research family) – reinforced coordination
- Better structure and timing of calls 
- Adapting sizes of consortia 
- Use of prizes in selected areas

Options for changing the rules and funding mechanisms

- Broader acceptance of usual accounting practices
- Extended eligibility of average personnel costs
- Restricting the variety of reimbursement rates and indirect cost methods
- Remove obligation for interest-bearing accounts
- More lump sum elements in the current cost-based approach
- Streamline selection decisions (PC opinion)
- Move towards result-based approach with lump sums for whole projects
- New options for PPPs



Broader acceptance of usual accounting practice

- Current problem:
interpretation of eligibility of cost elements often difficult, in particular for cost elements in personnel and overheads
- Solution:
Accept usual accounting and management practice of beneficiaries and compliance with national accounting and auditing standards as a sufficient basis for considering costs eligible in EU research grants

Average personnel costs

- Currently:

Acceptability criteria (C(2009) 4705) exclude 90% of existing methods

- Suggestion:

Option a) accept any methodology under the sole condition that it is the usual accounting practice based on statutory accounts – no ex-ante certification but ex-post audits (risk based)

Option b): as a) plus acceptance or certification by national public authorities

Fewer reimbursement rates and methods for indirect costs

- Currently:

Reimbursement rates depending on type of organisation, type of activity

4 methods for indirect costs

- Suggestion:

Reduce number of possible combinations,

Maximum solution: one unique reimbursement rate, one unique flat rate for indirect costs

Interest on pre-financing

- Currently:

Obligation to open interest-bearing bank accounts


Research DGs have to establish central register of exceptions (public bodies unable to open interest-bearing accounts)

- Suggestion:

Option a): Remove obligation of having interest-bearing bank account

Option b) (preferred – highest simplification potential): Remove obligation to recover interest

More lump-sum elements

- Owner-managers of SMEs carrying out major part of the work without salary registered in the accounts - provide a lump sum option based on scales of unit costs used for Marie Curie actions 
- Option for abolishing necessity of time-sheets: individual lump sum for personnel costs in each project (defined at negotiation)

Result-based approach with lump sums for whole projects (1)

- Individual lump sums for whole projects
- Payment against output/results – no cost statements, shift of control effort to the contents
- 3 scenarios:

Result-based approach with lump sums for whole projects (2)

Scenario a): negotiation of project-specific lump sums based on ex-ante cost estimation

Scenario b): definition of fixed lump sum per project in the call (per topic, area); additional evaluation criterion: own resources mobilised on top of fixed lump sum – leverage effect

Scenario c): pre-defined lump sum per project, trust-based approach, i.e. strict selection process but then no more controls (relying on intrinsic motivation and incentive structure in science) – “ERC option”; “best-proposal prize”

PPPs – alternatives to EU (“Community”) bodies

- JTI sherpa recommendations
- Possibility of establishing JTIs as private-law bodies?
- Creation of a specific framework regulation for PPPs under EU law?

Timing of potential changes

- Changes to legal framework in principle for FP8
- However, if interinstitutional debate reveals broad consensus on some particular measures, legislative proposal for some changes to FP7 rules could be prepared quickly

● **Thank you for your attention!**

● Questions?