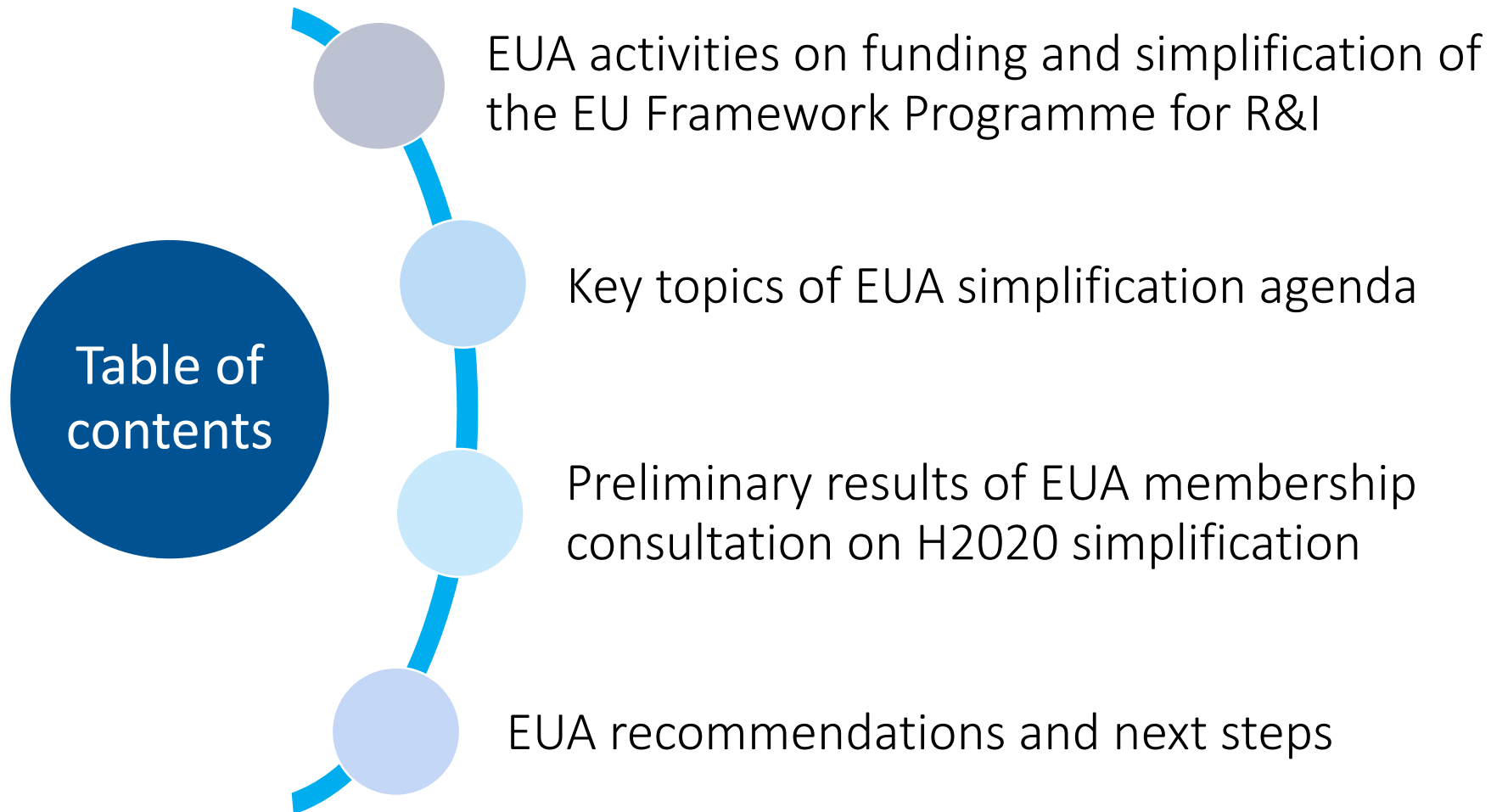


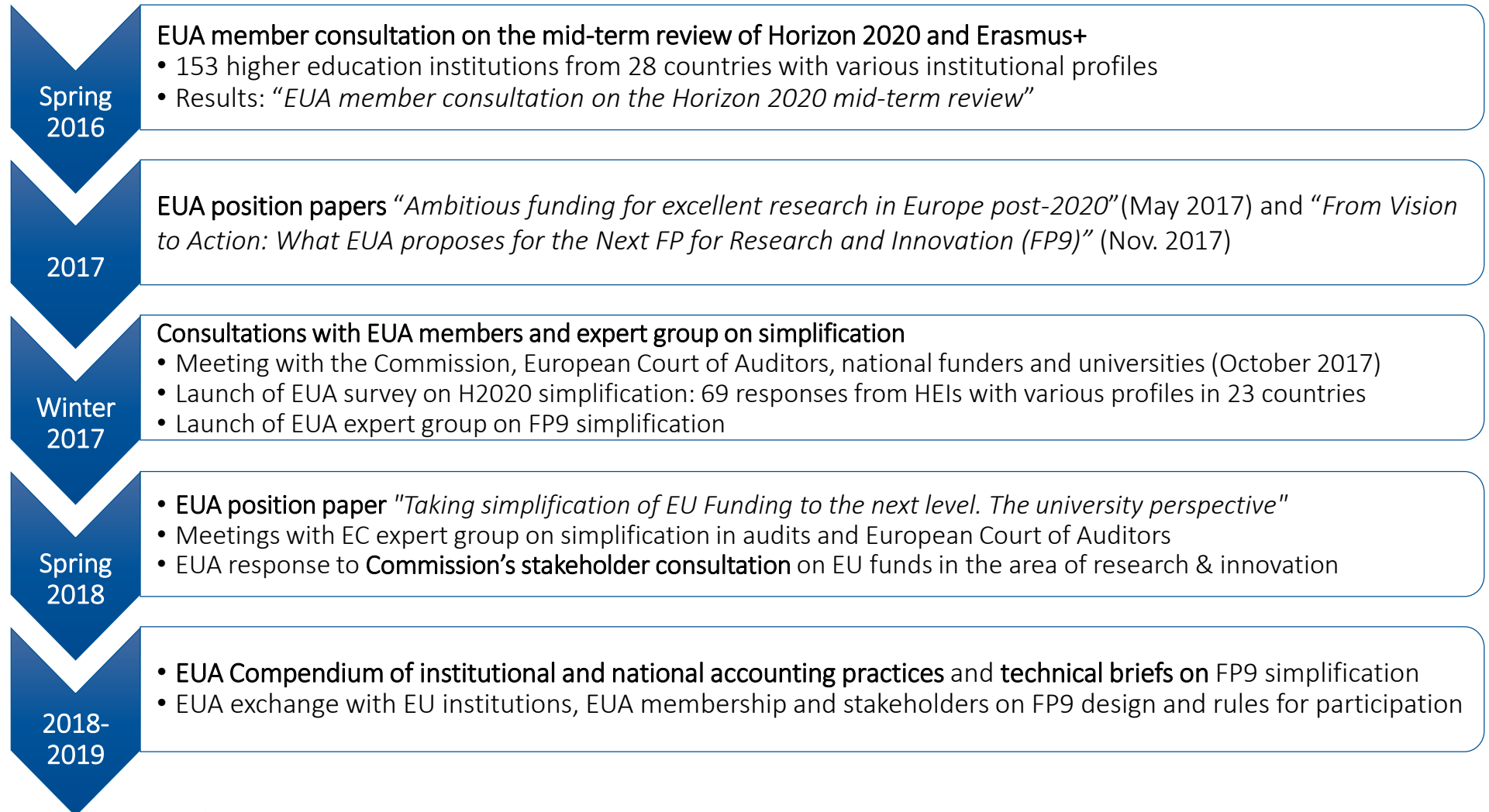
Impactful simplification of the EU Framework Programme for Research & Innovation

20 March 2018, Brussels



Impactful simplification of the EU Framework Programme for Research & Innovation

EUA activities on funding and simplification



Why simplification?

Application

ca. 90%

H2020 proposals remain unfunded

Participation

750 pages

H2020 Annotated Model Grant Agreement

Reporting

ca. 7%

H2020 projects audited

€1.7 billion

Spent on unsuccessful proposals so far in H2020

ca. 7%

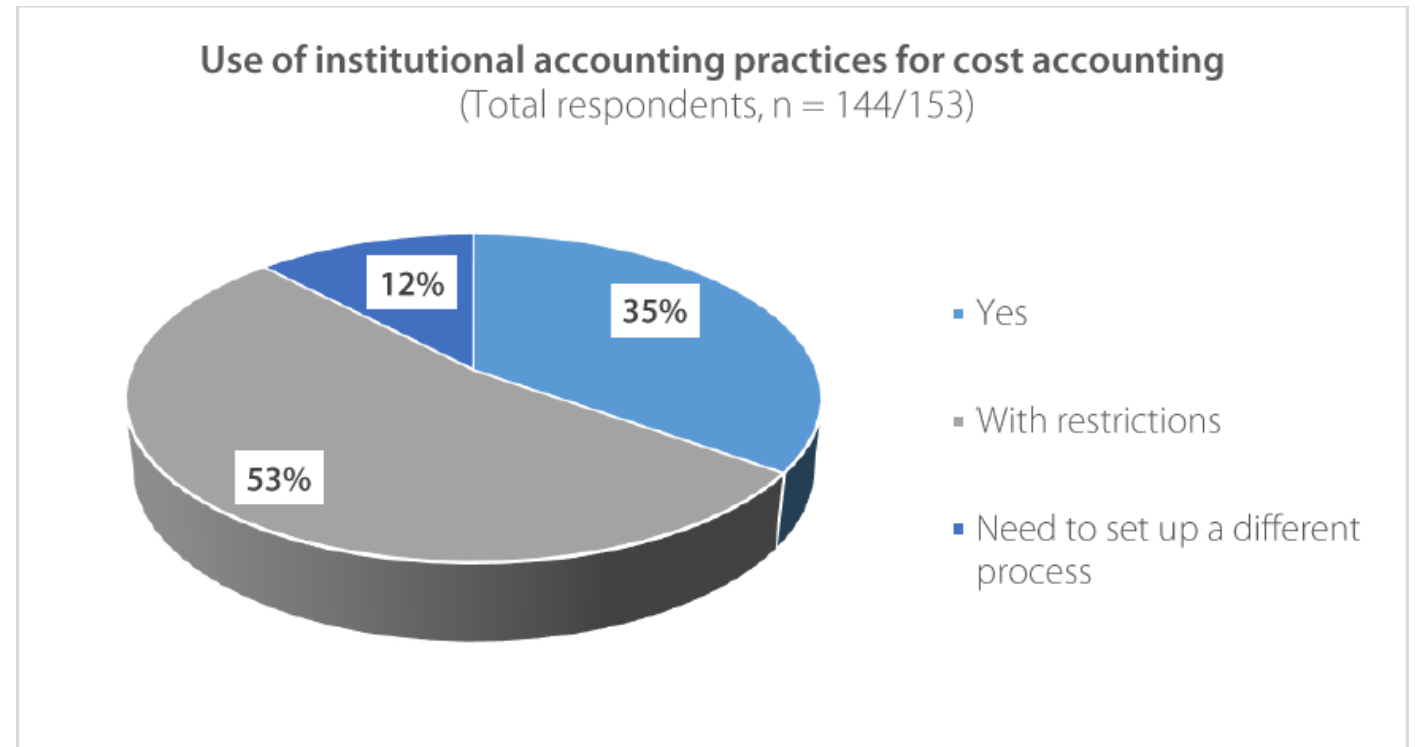
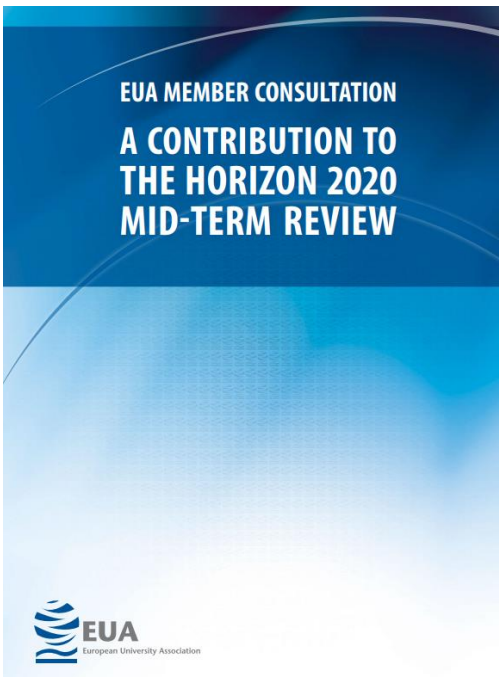
Average H2020 project management budget

ca. 4.1%

Estimated error rate under Competitiveness for Jobs and Growth in 2016

Lack of funding - Lack of efficiency - Lack of trust

Limited acceptance of institutional / national accounting practices



EUA simplification agenda: key principles and directions



- Impactful simplification: focus on beneficiaries and primary processes
- Respect for diversity of participating organisations and actions
- Support for long-term financial sustainability of universities and other beneficiaries
- A higher level of trust
- Alignment of rules and a sufficient degree of continuity
- Thorough assessment of pilot schemes

EUA simplification agenda: Broader acceptance of institutional/national accounting practices

| | |
|----------------------------|---|
| Personnel costs | <ul style="list-style-type: none"> • Acceptance of various salary components • Acceptance of national systems for allocation of working hours • Waiving of the proof of actual payment |
| Unit costs | <ul style="list-style-type: none"> • Acceptance of unit costs for major and small research facilities • Ability to use actual costs for unit rates and average costs |
| Time recording | <ul style="list-style-type: none"> • Acceptance of the institutional/national time recording systems • Trust-based approach (e.g. use of declarations) |
| Internal invoicing | <ul style="list-style-type: none"> • Further improvement of internal invoicing provisions with regard to indirect costs |
| Reporting and audit | <ul style="list-style-type: none"> • Eligibility of audit costs for each reporting period • Trust-based approach • Cross-reliance on audits |

EUA simplification agenda: Additional issues

| | |
|-------------------------------------|---|
| Lump sums | <ul style="list-style-type: none">• Importance of a piloting phase and a thorough evaluation• Universities not prepared for drastic changes in reporting |
| Additional remuneration | <ul style="list-style-type: none">• Lack of consistency and objectivity, fear of systematic error |
| Cascading grants | <ul style="list-style-type: none">• Issues of accountability• Potentially higher administrative burden because of mixed financial regulations |
| Synergies across EU funding schemes | <ul style="list-style-type: none">• Importance of harmonisation of financial rules across different EU funding schemes for research and innovation and with national funding programmes |

EUA membership consultation on FP simplification



Aim

- Collecting evidence on ways to simplify and enhance efficiency of the EU FP
- Limit any “unintended consequences” of recent changes to the MGA

Scope

- Acceptance of national and institutional accounting and management practices
- Use of lump sums in project funding
- Use of cascading grant option/call for third parties
- Use of the additional remuneration scheme

Timing

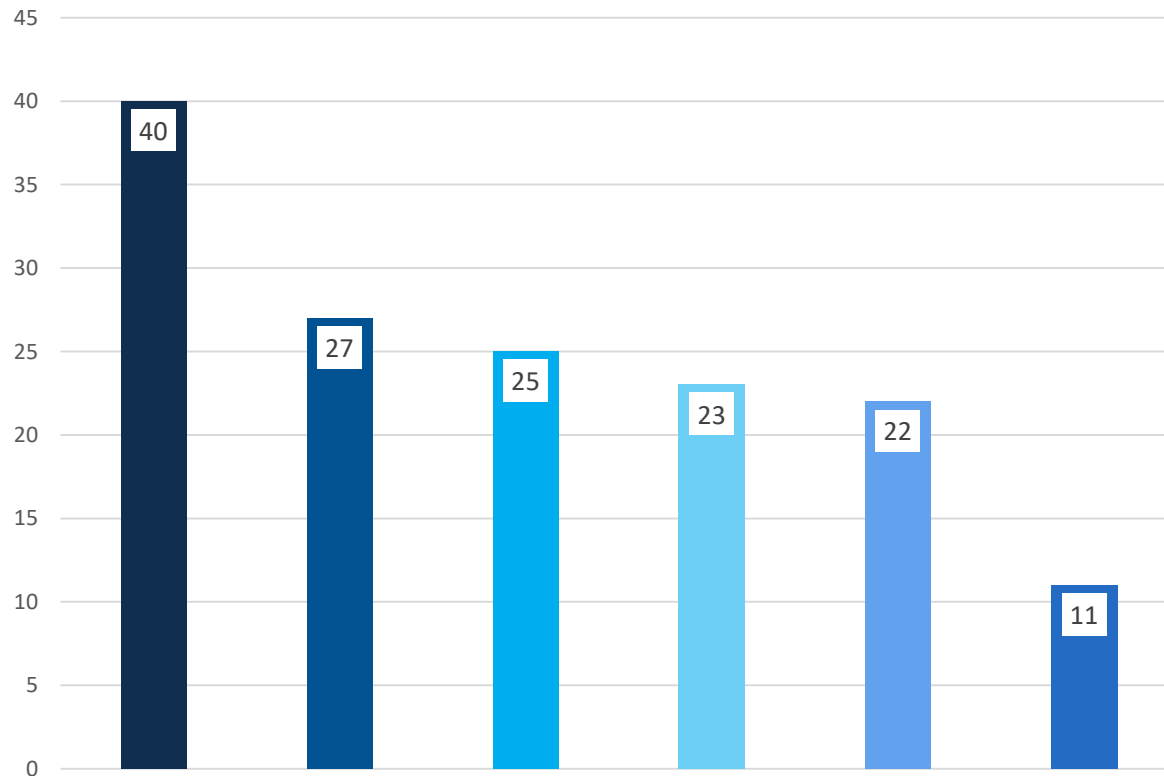
Autumn 2017 - February 2018

Sample

69 valid responses from 23 European countries

Survey results: acceptance of institutional cost accounting practices under FP9

Total respondents, n=69



Wednesday, March 21, 2018

© EUA 2017

Acceptance of all types of costs

40 respondents believe that a broader acceptance of institutional cost accounting practices involving all types of costs would be a major step for the simplification of FP9.

Acceptance of rules for hiring staff

27 respondents believe that EU funders should allow application of national rules for hiring staff. This is particularly relevant for temporary staff, sometimes accounted as subcontractors.

Flexible certifying methodologies for unit costs

25 respondents believe that certification of unit costs by the Commission should be more flexible and less prescriptive to make the process faster and more transparent.

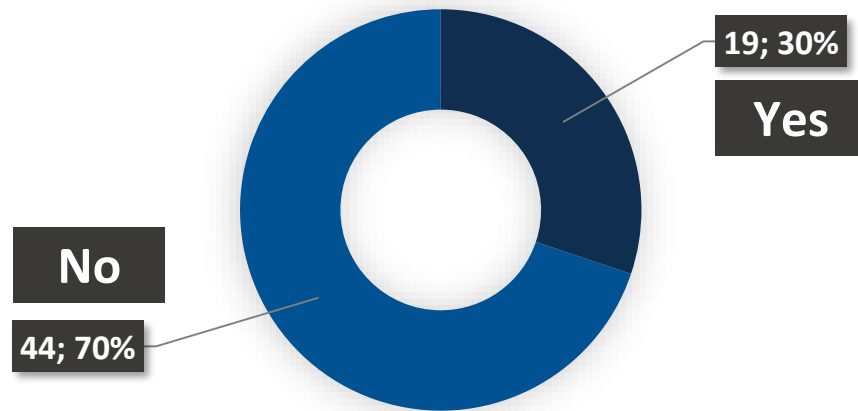
Acceptance of national rules for depreciation

Acceptance of rules for time recording

Acceptance of rules for tax refund

Survey results: use of lump sum costs within a grant

Total respondents, n=69

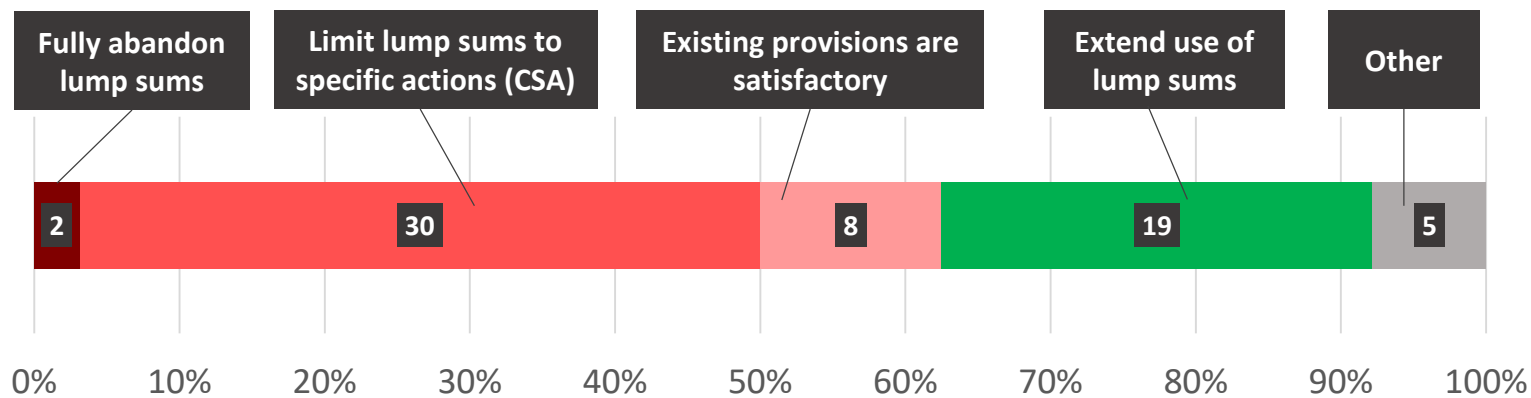


Only one third of respondents have experience with lump sum costs within H2020 grants.

Experienced respondents are found to be mostly satisfied with the coverage of actual costs (13/19) and accounting/reporting rules (14/19) as well as with the possibility to apply the scheme to various H2020 actions.


Survey results: ways to improve the use of (any type of) lump sum schemes or actions in FP9

Total respondents, n=64




Nearly one half of respondents report that lump sums should be either fully abandoned (3%) or limited to specific actions (47%).

Advantages and disadvantages of lump sum schemes



| | |
|--|-----|
| Less workload on project proposal and preparation | 71% |
| No calculation of total eligible costs required | 51% |
| More flexible financial management within the consortium | 51% |
| Common financial statement for the consortium | 20% |



| | |
|---|-----|
| Risk of failure in providing full coverage of actual costs | 59% |
| Difficulties in performance assessment/ higher risks of non-compliance | 52% |
| Reduced transparency for partners and funder in consortium financial management | 46% |
| Risk of misuse to generate income to the detriment of quality | 29% |

*Ghent University: Payments of lump sums need to be based on **work package level per partner** with clearly defined criteria against which it can be proven that the expected tasks have been fully completed. [...] The ‘lump sum scheme’ will certainly **shift the workload** from financial managers/controllers **towards researchers**.*

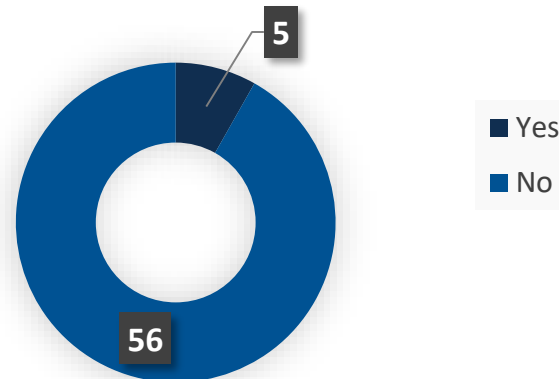
*Masaryk University: The simplicity of the lump sum is obvious, but when it is used for more complex actions, significant problems might arise with specificity for given country and for a given action. We would prefer to be able to use real costs (with **usual institutional practice as an eligibility rule**, not the overly complex system currently applied to personnel costs).*

*University of la Rochelle, France: In H2020, only two project calls are concerned by the “lump-sum funding” pilot, which is too few to draw conclusions for the forthcoming FP. Beyond this date, one solution would be to extend the pilot to more calls for proposals, about ten, providing a more representative sample of the FP. Extending the experiment would also provide an occasion to test the lump sum out on reputedly complex projects, i.e. fundamental, with numerous partners, or a significant budget. At the end of the experiment, the EC would possess **sufficient evidence** to decide on whether to integrate lump sums into the FP.*

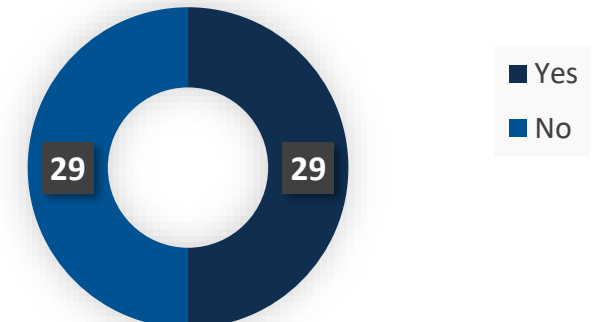
‘Cascading’ grants

This scheme allows a part of the budget to be set aside by the consortium for third parties, entities that are not part of the consortium, through an open call for proposals or as prize for a contest. A call is published to find a consortium that itself publishes different calls for a specific target group.

Providing financial support to third parties under the FP
Total respondents, n=61/69



Benefiting as a third party from funds distributed by an FP-funded consortium
Total respondents, n=58/69



Few respondents (5) managed a cascading grant, whereas more (29) benefited from such funding as a third party in FP. The majority of the latter are generally satisfied with the eligibility conditions, access to information, transparency and fair competition of the scheme.

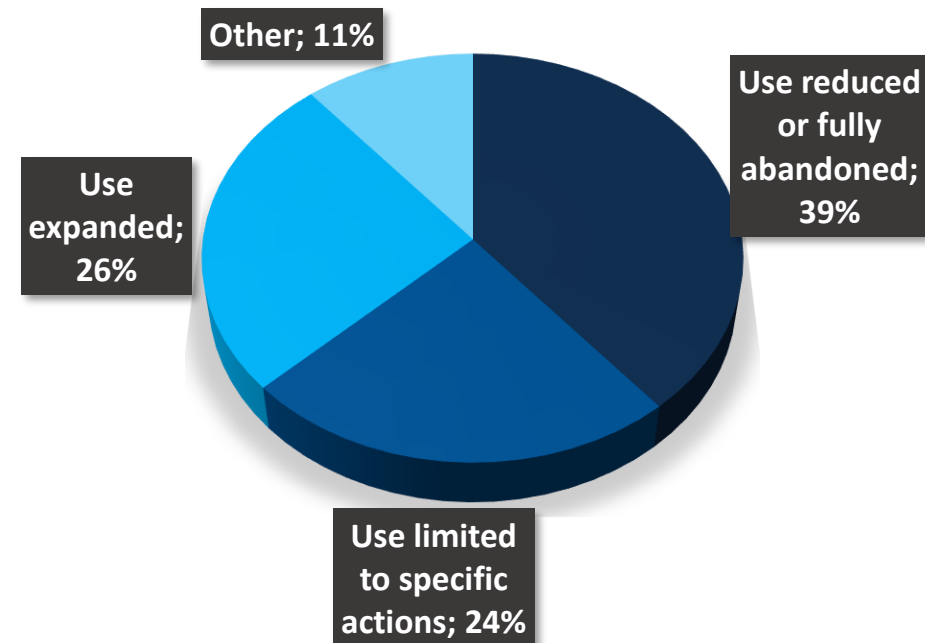
*Ludwig-Maximilians-Universität München: Who is responsible for the work done by the recipient of the grant towards the Commission? The coordinator of the project? Another beneficiary in charge of managing these grants? This construction might sound a good idea to bring more flexibility in the implementation of a project, but in fact this is **more a simplification for the European Commission** than for the consortium.*

*Masaryk University: We have projects in one MSCA-COFUND, which is fine in terms of grant setup, but to the rules set up by the EC, the co-funder (in our case a regional authority) adds extra set of rules in terms of financial management, which makes implementation **administratively complicated**. In some cases, the use of joint programming, ERA-NETs, and other significantly **limits the access to grants**, as those are not submitted and managed through Participant Portal and therefore it may be complicated to find information about the calls.*

Suggested use of cascading grants in FP9

Total respondents, n=54/69

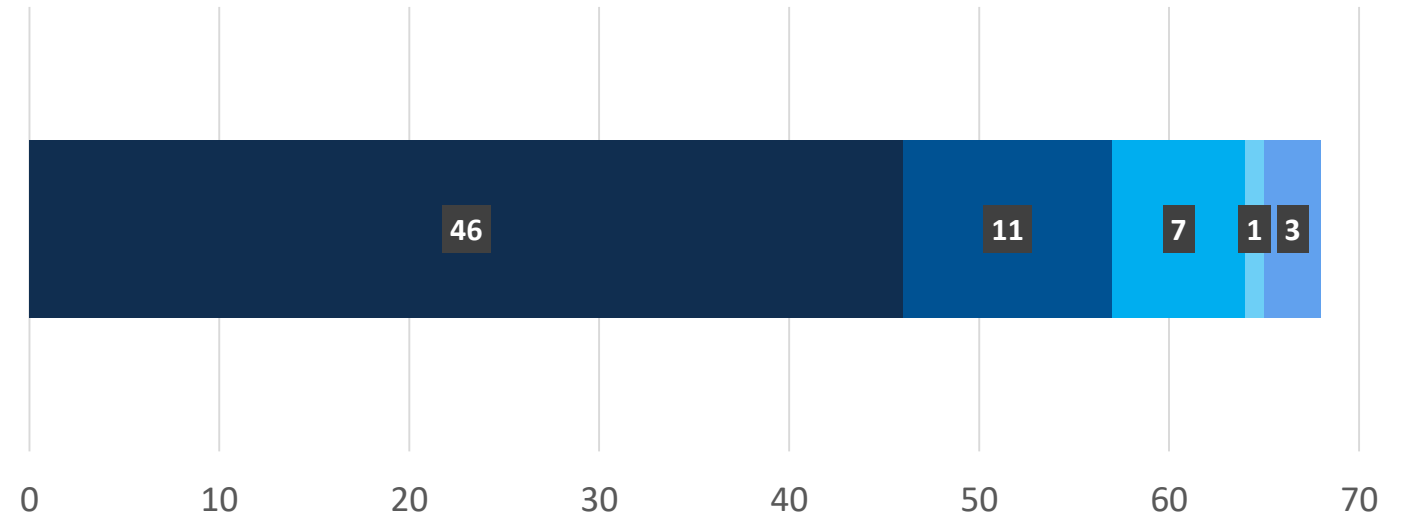
63% of respondents believe that cascading grant options in FP9 shall be either reduced or fully abandoned or limited to specific actions, such as Innovation Actions and Coordination and Support Actions.



Additional remuneration applied to personnel costs

Total respondents, n=68/69

'Additional remuneration' means any part of the remuneration which exceeds what the person would be paid for time worked in projects funded by national schemes. The Commission's objective is to make sure that personnel costs under Horizon 2020 are at least at the same level as in nationally funded projects.



Results show very limited use of this mechanism by respondents.

However, 11 institutions are currently taking steps to be able to apply this mechanism in the future.

- Mechanism not in use
- Mechanism not yet in use, but under consideration for the future
- Mechanism in use
- Mechanism applied by other partners
- I don't know



EUA recommendation

Simplification should be guided by the **diversity** of actions and beneficiaries, supported through a **broader acceptance** of nationally recognised accounting practices and cross-reliance on audits, with the aim to **reduce the risk of errors** in financial management of EU-funded projects and improve efficiency.

Several options should be made available to participants in FP9:

1. Certification of institutional methodologies in the beginning of FP9 through an improved procedure.
2. Accepting national accounting systems developed by the sector in several European countries (e.g. DK, FI, IE, NO, SE, UK).
3. An improved model based on the currently existing H2020 procedures.

Next steps

- Launch of the results of the EUA membership consultation on FP simplification (Spring 2018)
- Compendium of institutional and national accounting practices (Spring 2018)
- Technical briefs accompanying the compendium of practices (Summer 2018)

How to contribute?

- Provide feedback on issues raised in the EUA membership consultation on FP simplification
- Contribute to the discussions at the 4th EUA Funding Forum “Frameworks that empower, universities that deliver”

4th EUA Funding Forum

18-19 October 2018

Ramon Llull University, Barcelona



Thank you for your attention

Veronika Kupriyanova

Veronika.Kupriyanova@eua.eu