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DRAFT REPORT

on the proposal for a regulation of the European Parliament and of the Council laying down the rules for the participation of undertakings, research centres and universities in actions under the Seventh Framework Programme and for the dissemination of research results (2007-2013)
(COM(2005)0705 – C6-0005/2006 – 2005/0277(COD))

Committee on Industry, Research and Energy

Rapporteur: Philippe Busquin

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission.)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council on laying down the rules for the participation of undertakings, research centres and universities in actions under the Seventh Framework Programme and for the dissemination of research results

(COM(2005)0705 – C6-0005/2006 – 2005/0277(COD))

(Codecision procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2005)0705)¹,
 - having regard to Article 251(2) and Articles 167 and 172 of the EC Treaty, pursuant to which the Commission submitted the proposal to Parliament (C6-0005/2006),
 - having regard to Rule 51 of its Rules of Procedure,
 - having regard to the report of the Committee on Industry, Research and Energy and the opinions of the Committee on Budgets and the Committee on Culture and Education (A6-0000/2006),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to refer the matter to Parliament again if it intends to amend the proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council and Commission.

Text proposed by the Commission

Amendments by Parliament

Amendment 1
Recital 12 a (new)

(12a) The abandonment of the cost models currently used for reporting costs incurred in the performance of contracts under the Sixth Framework Programme is intended firstly to make eligible costs simpler to define and secondly to place all participants on an equal footing. One of the cost models used for the Sixth Framework Programme enabled certain legal entities to be reimbursed for up to 100% of their additional costs as opposed

¹ Not yet published in OJ.

to total costs. The additional cost model concept is predicated on the assumption that additional costs account for some 50% of total costs. Consequently, a reimbursement rate equal to 75% of all direct and indirect eligible costs (including costs accounted for by permanent staff) will offer a greater incentive to those legal entities than repetition of the additional cost model.

Justification

Il est important de bien expliquer que l'abandon du modèle de remboursement des coûts additionnels (AC) n'entraînera pas de diminution du montant de financement pour les universités. Dans le PC6, elles se font rembourser 100% de leurs coûts additionnels et non de leurs coûts complets. Dans l'esprit du législateur, un tel remboursement à 100% des coûts additionnels était censé représenter une alternative à la règle du remboursement à 50% des coûts complets. Si dans le PC7 elles pourront aussi charger au projet le coût de leur personnel permanent (sans faire recours à des licenciements et des recrutements successifs pour montrer que le personnel est additionnel et sans devoir le charger artificiellement ou uniquement à la coordination du consortium, ce qui entraîne une plus grande incertitude pour les chercheurs participant dans des actions du PC6 et une érosion de leur statut) et se faire rembourser à 75%, cela devrait entraîner une augmentation du financement par rapport au modèle AC. Un taux forfaitaire pour les coûts indirects plus élevés que dans le PC6 rendra la participation encore plus valorisante pour les universités (voir l'amendement sur le taux forfaitaire pour coûts indirects, en particulier pour celles que ne disposent pas de système sophistiqué de comptabilité analytique).

Amendment 2

Recital 17 a (new)

(17a) The frequency and nature of the reports to be produced by a consortium for the Commission should be specified in the grant agreement. Reporting requirements should normally be kept to the minimum required to enable the Commission to monitor the project in the appropriate fashion.

As a general rule other than in justified exceptional cases, audit certificate requirements should not go beyond the principles laid down in the Financial Regulation.

Justification

Le report est un élément étroitement lié au projet, dans la mesure où c'est le projet lui-même (durée, activités, nombre des partenaires, etc.) qui détermine le nombre des rapports nécessaires. C'est donc un élément à fixer, cas par cas dans la convention de subvention. Fixer une règle générale dans les règles de participation serait artificiel et rendrait le système rigide et non adapté à la réalité du projet.

En ce qui concerne les certificats d'audit, les nouveaux principes établis par le Règlement Financier donnent beaucoup plus de flexibilité dans ce domaine. Les limites y établies sont qu'un certificat d'audit n'est obligatoire que pour les subventionnés de plus de € 750 000 par bénéficiaire (mais alors un certificat sera nécessaire pour chaque paiement). La convention de subvention pourrait prévoir un certificat à la fin de l'action dans des cas particuliers où le montant de la subvention sera très important (mais en dessous du seuil de € 750 000).

Amendment 3 Article 2, paragraph 9

(9) “public body” means *any* legal entity *established as such by national public law, and international organisations*;

(9) “public body” means *a public sector body or a legal entity governed by private law performing a public service task*;

Justification

Amendment 4 Article 2, paragraph 13 a (new)

(13a) “specific groups” means SMEs or associations thereof, and non-governmental organisations working in the field of “science and society”;

Justification

It is important to define the scope of the ‘specific group’ concept. The term covers not only SMEs, but also non-governmental organisations. As regards the latter, given the scant resources allocated to research, NGOs should be deemed eligible only if they are active in the ‘science and society’ field.

Amendment 5
Article 2, paragraph 13 b (new)

(13b) “legitimate interest” means any interest of whatever nature, including a commercial interest, which a participant may invoke in the cases specified in this Regulation; to that end the participant must show that, in a given circumstance, the failure to take its interest into account would cause it disproportionate damage;

Justification

Amendment 6
Article 2, paragraph 13 c (new)

(13c) “fair and reasonable conditions” means conditions in various possible forms, including financial terms (lump sum, royalties, etc.), laid down in the light of the participant’s contribution to the work engendering the knowledge to which it is to give access and to the potential inherent in that knowledge;

Justification

Amendment 7
Article 11, paragraph 1 a (new)

Notwithstanding Article 31, participants from third countries may, if they so choose, obtain reimbursement based on a lump sum calculated per researcher.

Justification

Third country participants often find it difficult to determine their actual costs and raise enough money to cover their contribution to co-financed projects. A flat rate could resolve this problem. The rate laid down for the networks of excellence could be used for that purpose.

Amendment 8

Article 13, paragraph 2 a (new)

2a. Calls for proposals must be carefully targeted and have clear-cut objectives so as to ensure that bidders do not respond needlessly.

Justification

Calls for proposals must be carefully targeted and have clear-cut objectives so as to ensure that bidders do not respond needlessly, since this would lead to the general dissatisfaction typically resulting from a low success rate.

Amendment 9

Article 15, paragraph 1

1. The Commission shall evaluate all the proposals submitted in response to a call for proposals on the basis of the principles for evaluation, and the selection and award criteria set out in the specific programme and the work programme.

1. The Commission shall evaluate all the proposals submitted in response to a call for proposals on the basis of the principles for evaluation, and the selection and award criteria set out in the specific programme and the work programme. ***As regards the “Ideas” specific programme, the sole criterion to apply to individual projects shall be that of excellence. As regards the “People” specific programme, the criteria shall serve to assess the qualities of the proposers (researchers or organisations) and their potential for further advances, including their capacity to operate as and where necessary, the quality of the activity proposed in terms of scientific training or transfer of knowledge, and the structuring effect of the activity proposed, determined according to the extent to which the***

activity will help to attain the objectives of the specific programme and the work programme. For the purposes of the “Cooperation” and “Capacities” specific programmes, the criteria shall be as follows:

(a) scientific and technological excellence and degree of innovation;

(b) ability to successfully carry out the indirect action and manage it efficiently, to be assessed in terms of resources and expertise, having regard not least to the organisational arrangements laid down by the participants;

(c) relevance to the objectives of the specific programme;

(d) critical mass of resources mobilised and their contribution to Community policies;

(e) quality of the plan for utilising and disseminating knowledge, potential in terms of fostering innovation, and clear-cut schemes for administering intellectual property.

The work programme may set out specific criteria or further details on the application of the criteria.

The work programme may set out specific criteria or further details on the application of the criteria.

Justification

The principles applying to evaluation must be set out in the rules governing participation. More detailed criteria can be laid down in the work programmes so as to enable the evaluation criteria to be applied more rationally and effectively and geared to each work programme.

Amendment 10

Article 15, paragraph 1 a (new)

1a. Specific selection and award criteria may, in particular, be defined for investigator-driven frontier research funded within the framework of the European Research Council.

Justification

Amendment 11
Article 15, paragraph 1 b (new)

1b. Where established in the work programme or the call for proposals, remote evaluations may be carried out.

Justification

Amendment 12
Article 16, paragraph 3 a (new)

3a. Unless otherwise specified in the work programme, proposals for indirect actions must be submitted electronically.

Justification

Amendment 13
Article 17, paragraph 2, subparagraph 3

The Commission may, if deemed appropriate, select any individual with the appropriate skills from outside the lists. ~~***deleted***~~

Justification

Amendment 14
Article 17, paragraph 5

5. The Commission shall publish ***periodically*** in any appropriate medium the list of the independent experts that have assisted it for each specific programme.

5. The Commission shall publish ***regularly*** in any appropriate medium the list of the independent experts that have assisted it for ***the Framework Programme and*** each specific programme.

Justification

Amendment 15
Article 17 a (new)

Article 17a

Databases and electronic exchange of data

1. The Commission shall take appropriate measures to ensure that data relating to all the indirect actions funded under the Seventh Framework Programme are recorded and processed in integrated databases and using a common computerised system.

2. The Commission shall encourage the electronic exchange of data for all aspects of the management of proposals and grants.

Justification

Amendment 16
Article 20, paragraph 1

1. The grant agreement shall establish the respective obligations of the participants with regard to access rights, use and

1. The grant agreement shall establish the respective ***rights and*** obligations of the participants with regard to access rights,

dissemination, in so far as those obligations have not been laid down in this Regulation.

use and dissemination, in so far as those **rights and** obligations have not been laid down in this Regulation.

Justification

Amendment 17
Article 22, paragraph 4 a (new)

4a. In the case of frontier research actions, the grant agreement may lay down specific provisions relating to dissemination.

Justification

Amendment 18
Article 23, title

Signature and accession

Signature and accession ***in the case of multi-partner direct actions***

Justification

Amendment 19
Article 23, paragraph 1

The grant agreement shall enter into force upon signature by the coordinator and the Commission.

The grant agreement shall enter into force upon signature by the coordinator, ***acting on behalf of the other participants***, and the Commission.

Justification

Amendment 20
Article 24, introductory part

Save where otherwise provided in the call for proposals, all legal entities wishing to participate in an indirect action shall ***draw up*** an agreement, hereinafter “the consortium agreement”, to govern the following:

Unless otherwise provided in the call for proposals, all legal entities wishing to participate in an indirect action shall ***conclude*** an agreement, hereinafter “the consortium agreement”, ***which may establish additional rights and obligations of the participants in an indirect action, in accordance with the provisions of the grant agreement,*** to govern the following:

Justification

Amendment 21
Article 24, point (a)

(a) the internal organisation of the consortium;

(a) the ***legal representation and internal organisation of the consortium, confidentiality arrangements and the settlement of internal disputes, including provisions governing the withdrawal, removal or exchange of any of the participants;***

Justification

Amendment 22
Article 24, point (b)

(b) the distribution of the Community financial contribution;

(b) the distribution of ***the budget of estimated costs, the distribution of*** the Community financial contribution, ***including the different forms of grant listed in Article 30(1), and provisions regarding the reporting and calculating of costs for the purposes of Article 30(2);***

Justification

Amendment 23
Article 24, point (c)

(c) additional rules on dissemination and use including intellectual property rights arrangements, as appropriate;

(c) additional rules on ***ownership of foreground generated by the indirect action, transfer of such ownership, access rights,*** dissemination and use including intellectual property rights arrangements, as appropriate;

Justification

Amendment 24
Article 24, point (d)

(d) the settlement of internal disputes.

deleted

Justification

Amendment 25
Article 24, paragraph 1 a (new)

The consortium agreement must be

concluded by all participants wishing to participate in an indirect action before the signature of the grant agreement by the coordinator.

Justification

Amendment 26
Article 24, paragraph 1 b (new)

For the purposes of this Regulation, the Commission shall establish model consortium agreements specific to each of the funding schemes identified in part (a) of Annex III to Decision [.../...] establishing the Seventh Framework Programme.

Justification

Amendment 27
Article 25, paragraph 1

1. The legal entities wishing to participate in an indirect action shall appoint ***one of their number to act as*** coordinator to carry out the following tasks in accordance with this Regulation, the Financial Regulation, the *Implementing Rules*, and the grant agreement:

1. The legal entities wishing to participate in an indirect action shall appoint ***from among themselves*** a coordinator to carry out the following tasks in accordance with this Regulation, the Financial Regulation, the *implementing rules*, and the grant agreement:

Justification

Amendment 28
Article 25, paragraph 1, point (a)

(a) to ensure that the legal entities ***identified in*** the grant agreement ***complete the necessary formalities for accession to the grant agreement, as provided for therein;***

(a) to ensure that the legal entities ***participating in the indirect action comply with their obligations under*** the grant agreement ***and the consortium agreement;***

Justification

Amendment 29
Article 25, paragraph 1, point (b)

(b) to receive the Community financial contribution and to distribute it;

(b) to receive the Community financial contribution and to distribute it ***as provided for in the consortium agreement;***

Justification

Amendment 30
Article 25, paragraph 1, point (c)

(c) ***to keep the financial accounts in order,*** to keep records and to inform the Commission of the distribution of the Community financial contribution in accordance with Article 36;

(c) to keep records and to inform the Commission of the distribution of the Community financial contribution, ***as stated in Article 24(b),*** in accordance with Article 36;

Justification

Amendment 31
Article 25, paragraph 1, point (d)

(d) to ensure efficient and correct **communication** between the participants and the Commission.

(d) to ensure efficient and correct **reporting on the scientific and technical deliverables and progress of work** between the participants and, **in accordance with Article 19(4)**, to the Commission;

Justification

Amendment 32
Article 25, paragraph 1, point (d a) (new)

(da) to terminate the participation of legal entities should a participant fail to comply with its obligations under the grant agreement or the consortium agreement.

Justification

Amendment 33
Article 25, paragraph 2

2. The coordinator shall be identified in the **grant** agreement.

The appointment of a new coordinator shall require the written approval of the Commission.

2. The coordinator shall be identified in the **consortium** agreement.

Justification

Amendment 34
Article 25, paragraph 2 a (new)

2a. Where provided for in the consortium agreement, the coordinator may subcontract the administrative and management activities set out in Article 33(4).

Justification

Amendment 35
Article 26, paragraph 1

1. The participants in an indirect action may ***propose the addition of*** a new participant or ***the removal of*** an existing participant.

1. The participants in an indirect action may ***agree to add*** a new participant or ***to remove*** an existing participant ***in accordance with the relevant provisions of the consortium agreement.***

Justification

Amendment 36
Article 26, paragraph 2

2. Any legal entity which joins an ongoing action shall accede to the grant agreement.

2. Any legal entity which joins an ongoing action shall accede to the grant agreement ***and the consortium agreement.***

Justification

Amendment 37
Article 26, paragraph 3

3. Where provided for in the grant agreement, the consortium shall publish a competitive call and advertise it widely using specific information support, particularly Internet sites on the seventh framework programme, the specialist press and brochures, and the national contact points set up by the Member States and Associated countries for information and support.

deleted

The consortium shall evaluate offers in the light of the criteria which governed the initial action and with the assistance of independent experts appointed by the consortium, in accordance with the principles laid down in Articles 15, and Article 17, respectively.

Justification

Amendment 38
Article 26, paragraph 4

4. The consortium shall notify any change of its composition to the Commission, **which may object within 45 days of the notification.**

4. The consortium shall notify any change of its composition to the Commission. Changes in the composition of the consortium shall be subject to written approval by the Commission.

Changes in the composition of the consortium **associated with proposals for other changes to the grant agreement which are not directly related to the change in composition** shall be subject to written approval by the Commission.

Justification

Amendment 39
Article 31, paragraph 3, point (e)

(e) they must be exclusive of non-eligible costs, in particular identifiable indirect taxes including value added tax, duties, interest owed, provisions for possible future losses or charges, exchange losses, cost related to return on capital, costs declared or incurred, or reimbursed in respect of another Community project, debt and debt service charges, excessive or reckless expenditure, and any other cost that does not meet the conditions referred to in points (a) to (d).

(e) they must be exclusive of non-eligible costs, in particular identifiable indirect taxes including value added tax, ***except where it is not recoverable***, duties, interest owed, provisions for possible future losses or charges, exchange losses, cost related to return on capital, costs declared or incurred, or reimbursed in respect of another Community project, debt and debt service charges, excessive or reckless expenditure, and any other cost that does not meet the conditions referred to in points (a) to (d).

Justification

VAT certainly does constitute a project cost when it cannot be recovered. It must consequently be refunded as already happens under other Commission programmes (Leonardo, for example). However, it would be undesirable for the arrangements to be excessively cumbersome in administrative terms and hold up data management.

Amendment 40
Article 31, paragraph 3, subparagraph 2

For the purposes of point (a), average personnel costs may be used if they are consistent with the management principles and accounting practices of the participant ***and do not differ significantly from actual costs.***

For the purposes of point (a), average personnel costs may be used if they are consistent with the management principles and accounting practices of the participant.

Justification

Average personnel costs are deemed acceptable provided that they do not differ significantly from actual costs. The word 'significantly' is wide open to interpretation, not least by the Court. That which is 'average' is by definition close to reality.

Amendment 41
Article 32, paragraph 2, subparagraph 1 a (new)

The flat rate to cover indirect costs shall amount to 30% of the total direct eligible costs, excluding subcontracting costs.

Justification

The flat rate to cover indirect costs has to be specified in the rules governing participation. The experience of FP6 has shown that the 20% rate is nowhere near enough. A 30% rate will come closer to what is needed to cover participants' indirect costs.

Amendment 42
Article 33, paragraph 1, subparagraph 2 a (new)

For space and security research, the upper funding limit shall be 75% of the total eligible costs.

Justification

A 75% reimbursement rate should be laid down for security research, given its special nature, the specific criteria applying to it, the market at which it is aimed, and the importance of a European dimension. This is consistent with the guidelines set out in the Böge report (P6_TA(2005)0224) adopted by Parliament on 8 June 2005.

Amendment 43
Article 33, paragraph 1, subparagraph 2 b (new)

For educational establishments and universities, it may equal 80% of the total eligible costs.

Justification

It should be ensured that the actual co-financing rate under the new rules does not fall below the rate resulting from the additional cost models used under FP6. Assuming that non-additional costs amounted to 25% of the total additional costs, the co-financing rate would have to be 80% to produce an equivalent outcome.

Amendment 44
Article 33, paragraph 3

3. For activities supported by frontier research actions, coordination and support actions, and actions for the training and career development of researchers, the Community financial contribution may reach a maximum of 100% of the total eligible costs.

3. For activities supported by frontier research actions, coordination and support actions, and actions for the training and career development of researchers ***or for the recruitment of researchers linked to project execution***, the Community financial contribution may reach a maximum of 100% of the total eligible costs.

Justification

Once projects have been selected, their start should not be delayed. Only if the Community finances the full cost accounted for by researchers contracted to work on a project will the university concerned be able to recruit rapidly. If the project is co-financed, the university will need to consult, or negotiate the recruitment with, the supervisory authorities called upon to provide the additional funding.

Amendment 45
Article 33, paragraph 5

5. For the purposes of paragraphs 1 to 4, eligible costs ***minus receipts shall be taken into consideration*** in order to determine the Community financial contribution.

5. For the purposes of paragraphs 1 to 4, ***receipts shall be deducted from the total*** eligible costs in order to determine the Community financial contribution.

Justification

For the purposes of taking project receipts into account it should be specified that receipts are deducted from the total eligible costs and not from the Commission contribution (some think that the present text is ambiguous).

Amendment 46
Article 35, paragraph 4, subparagraph 2

Those periodic releases shall be made

Those periodic releases shall be made

according to the assessment of the progressive implementation of the Joint Programme of Activities through the measurement of integration of research resources and capacities based on performance indicators negotiated with the consortium and specified in the grant agreement.

according to the assessment of the progressive implementation of the Joint Programme of Activities through the measurement of integration of research resources and capacities based on **research** performance indicators negotiated with the consortium and specified in the grant agreement.

Justification

Performance indicators should relate to how research is carried out, rather than denoting indicators devised specifically to measure network integration; the object of a network is to attain excellence in research.

Amendment 47

Article 40, paragraph 1

1. Where several participants have jointly carried out work generating foreground and where their respective share of the work cannot be ascertained, they shall have joint ownership of such foreground.

1. Where several participants have jointly carried out work generating foreground and where their respective share of the work cannot be ascertained, they shall have joint ownership of such foreground ***unless they have agreed otherwise.***

Justification

Amendment 48

Article 44, paragraph 2, subparagraph 1

Where the owner of foreground does not protect foreground that it owns, and does not transfer it to another participant in accordance with Article 42(1) and (2), no dissemination activities may take place before the Commission has been informed.

Where the owner of foreground does not protect foreground that it owns ***that is capable of industrial or commercial application***, and does not transfer it to another participant in accordance with Article 42(1) and (2), no dissemination activities may take place before the Commission has been informed.

Justification

Amendment 49

Article 48

Participants may define the background needed for the purposes of the indirect action ***in a written agreement*** and, where appropriate, may exclude specific background.

Participants may define ***in the consortium agreement*** the background needed for the purposes of the indirect action and, where appropriate, may exclude specific background.

Justification

Amendment 50

Article 51, paragraph 1, subparagraph 2 a (new)

Participants not qualified to directly utilise foreground generated by work which they have carried out shall grant access rights to that foreground under fair and reasonable conditions unless they put it to other use.

Justification

Amendment 51

Article 51, paragraph 2, subparagraph 2 a (new)

Participants not qualified to utilise their background directly shall grant access rights to it under fair and reasonable conditions unless they put it to other use.

Justification

Amendment 52
Article 53, paragraph 1

1. The Community may award a grant to the European Investment Bank (EIB) to ***cover the risk for loans the EIB makes*** in support of research objectives ***set out under*** the seventh Framework Programme (Risk-Sharing Finance Facility).

1. The Community may award a grant to the European Investment Bank (EIB) to ***contribute to the provisioning and capital allocation for its loan and guarantee financing*** in support of ***actions implemented on the basis of decisions by the Council and the European Parliament identified in part (b) of Annex III to Decision [.../...]*** establishing the seventh Framework Programme (Risk-Sharing Finance Facility).

Justification

Amendment 53
Article 53, paragraph 2

2. ***The*** EIB shall provide these loans in accordance with ***the principles of fairness, transparency, impartiality and equal treatment.***

2. ***Taking into account the general orientation and principles established by the Commission in the grant agreement,*** the EIB shall provide ***and administer*** these loans ***and guarantees*** in accordance with ***its own rules.***

Justification

Amendment 54
Article 53, paragraph 3

3. The Commission has the right to object to the use of the Risk-Sharing Finance

3. The Commission has the right to object to the use of the Risk-Sharing Finance

Facility for certain *loans*, on terms to be defined in the grant agreement in accordance with the *Work Programmes*.

Facility for certain *actions*, on terms to be defined in the grant agreement in accordance with the *work programmes*.

Justification

Amendment 55
Article 53, paragraph 3 a (new)

The Commission shall carry out an interim evaluation of this Regulation no later than 2010 and, where necessary, make proposals for its amendment.

Justification

EXPLANATORY STATEMENT

Introduction

Union-wide research activities undoubtedly generate ‘extra added value’ from the beneficial synergy that operates at several levels by *forming ‘critical masses’ of resources, enhancing ‘excellence’ through Europe-wide competition and transnational collaboration, acting as a ‘catalyst’ to national initiatives, and improving research activities in the Member States.*

The Sixth Framework Programme, which ends this year, has galvanised the European scientific community to an extraordinary degree. The Commission’s proposed FP7, now being discussed in the EP, continues in the same vein as the activities currently ongoing and sets an ambitious new framework for the period from 2007 to 2013.

The new structure and the substance of the Commission proposal are based on two main principles: **continuity** and **innovation**.

The **continuity** in relation to FP6 lies not least in the ‘Cooperation’ specific programme with its nine priority themes, albeit including the new area of space and security.

Innovation applies to the form of the four specific programmes – Cooperation, Ideas, People, and Capacities – which for the first time impart coherent structure to the concept of a European Research Area, but where FP7 breaks truly new ground is by proposing to establish a European Research Council. The taboo whereby research ‘at the frontiers of knowledge’ is deemed to be a matter solely for the Member States has become impossible to sustain.

Your rapporteur can only condemn the fact that what have long been the avowed ambitions of the Union institutions do not translate into the necessary funding allocations. The cut in the budget for FP7, by roughly a third compared with the Commission proposal, stands as the umpteenth missed opportunity for the future of European competitiveness.

Improving the operation and implementation of FP7

The proposal laying down the rules for the participation of undertakings, research centres, and universities for the purposes of implementing FP7 (2007-2013) broadly reflects the approach outlined above. Essentially, it reproduces the general framework of participation rules used for FP6 (elements of continuity) while introducing several new provisions (innovation aspects).

Your rapporteur welcomes the Commission proposal on the whole, since it marks a significant step forward in terms of the need for simplification and is flexible enough to be implemented effectively and transparently. It draws to quite a large extent on the proposals contained in the Marimon report and the 2004 Court of Auditors’ report.

Regarding the key points – flexibility, simplification, and rationalisation – it would be desirable to go even further. In its working document the Commission itself recognises that simplification and rationalisation are the sine qua non for the success of FP7 research

activities. To achieve the aim being sought, simplification must extend not only to administrative procedures and funding rules, but also to rationalisation of the management of the Framework Programme and research projects.

The amendments initially proposed here are designed to bring this about and to open up the discussion to encompass subjects such as the role and powers of coordinators, cost models, evaluation criteria, and so on. Others are intended to clarify certain definitions: potential sources of problems, for example the definition of SMEs and the differential rate assigned to them, must not give rise to additional difficulties. The current concept of an SME is difficult to apply because it is based on complex definitions. If SME status has to be checked during the negotiations and every year thereafter, this is likely to make administrative processing more cumbersome and prolong the time needed to negotiate agreements and later approve reports. As regards evaluation and negotiation of agreements, the time-frames are too long and in some cases might prevent SMEs from taking part. Why not think along the lines of a system for screening good ideas instead of an unwieldy process? The 75% funding for R & D is plainly very important, but not the only factor to take into account. The flat rate applied to cover indirect costs is likewise crucial. That is why it is proposed to raise the flat rate above the present 20%.

SMEs obviously support simpler conditions of participation, although they realise that transnational research projects are complex by nature.

On the other hand, your rapporteur has doubts about some vaguely worded points that leave too much room for uncertainty as to the coherence of the arrangements for drawing up work programmes and calls for proposals. The latter in particular must be carefully targeted and have clear-cut objectives so as to ensure that participants do not apply to no purpose. This would in turn make the Commission's task easier and secondly avert frustration and hence the widespread dissatisfaction typically resulting from a low success rate.

It follows that the laudable intention of supporting SMEs more effectively in their R & D has to be translated into practice in a flexible way with the aid of appropriate rules and checks, a principle not only implying clear and simple participation rules, but also applying to their enforcement by the Commission.

Another subject to discuss, given the reduced funding for FP7, is the relationship between the contribution rate and the number of projects eligible for financing. Shared risks linked to joint and several liability under a common guarantee arrangement must not account for more than 1% of project financing; once a project has been completed, any unused funds should be reallocated to the priority theme concerned.

Lastly, bearing in mind that FP7 is to run from 2007 to 2013, a mid-term review of the participation rules will need to be carried out.

Conclusion

The participation rules impose a legal framework and as such impose constraints. However, they have to be simple and coherent and enable clear explanations to be provided to participants. Otherwise the danger would be that those who produced the most innovative

research projects might not even bother to apply for funding under the Framework Programme, but would instead seek the necessary sources of financing elsewhere.

It is vital to trust the scientific community and encourage young people to embark on a research career. Consequently, when researchers, individually or in teams, participate in the Framework Programme by carrying out their projects, the premiss should be that they will make the best use of the public funds entrusted to them. By definition, it is not always possible to guarantee in advance that research activities will achieve the expected results.