

LERU's feedback on the proposals of the European Commission for Horizon 2020

The League of European Research Universities (LERU) has read the communication and proposals of the European Commission on Horizon 2020, as published on 30 November 2011, with great interest. Members of LERU are amongst the top recipients of funding from past and current Framework Programmes and are therefore well placed to evaluate the EC's proposals.

There are a number of aspects in the EC's proposal for H2020 which LERU believes are very important and deserve strong support:

- *Scientific excellence as the primary criterion for funding under H2020*

Europe will only be able to compete with the US and other countries if it focusses on scientific excellence. Anything deviating from this principle (such as geographical conditions) should be avoided. LERU is certainly in favour of helping countries/regions with a much lower success rate in EU research funding, and is prepared to actively participate in possible twinning initiatives with countries in e.g. Central and Eastern Europe. However the funding for such research capacity building should come from the Structural Funds or sources other than H2020.

- *The reimbursement rate of the 100% of direct costs with a 20% reimbursement of indirect costs*

Although other models such as 75%+75% would be slightly more beneficial from a purely financial point of view, the 100%+20% model has several other important advantages. A full reimbursement of direct costs would make EU research projects simpler to manage and to explain to the researchers involved (in particular the Principal Investigators), as it is much more in line with most national funding rules. The proposed new rules would also enable universities to more easily recruit staff specifically working on H2020 projects and thus enhance and build up the next generation of researchers in Europe. But it must be clear that 100% + 20% is a minimum of what is acceptable for universities. Any changes to the proposed model that involve a reduction in the proposed rates of reimbursement would be a major step backwards and would make it difficult for LERU members to participate in Horizon 2020. A further increase of the reimbursement rate of indirect costs would be much welcomed.

LERU very much supports the EC's proposal to allow VAT as an eligible direct cost to those institutions that cannot recover it elsewhere. Due to differences in national legislations, some universities are able to recover VAT and others are not. Allowing VAT as an eligible cost if not recoverable elsewhere guarantees a more equal treatment of all institutions. For universities that are currently unable to recover any VAT, this issue is crucial for the sustainability of their participation in EU research projects, certainly in combination with the proposed model for cost reimbursement of 100%+20%.

- *The European Research Council's confirmation and budget*

One of the most important aspects of the H2020 proposal is the confirmation of the continuation of the ERC, in particular its structure and its position within the European Commission. As has been emphasized many times in the past, LERU strongly supports the ERC. We are therefore very pleased to see that the proposals for H2020 would allow the ERC to continue its excellent work.

Although the budget of the ERC, as proposed, seems to have increased significantly compared to its current budget, LERU emphasizes that a further increase of the budget is necessary to avoid at least a budget drop between the last year of FP7 (2013) and the first year of H2020 (2014). Currently, the ERC's budget for 2013 is EUR 1.8 billion, while the proposal foresees only EUR 1.6 billion in 2014. Seen the importance of excellent bottom-up research and the enormous success of the ERC, an even more substantial increase of the total budget would be welcome.

- *Several measures to assure more simplification*

LERU is very pleased with a number of the proposals put forward for simplification of EU research funding. In particular:

- Streamlined common rules for all parts of the programme

Streamlining common rules for all parts of H2020 will facilitate and stimulate much higher participation in a wider variety of programmes and will lead to more efficient project administration, not only for the EC, but also for the beneficiaries. LERU underlines that the same rules of participation should apply equally to JTI and other PPPs or at least similarly with only minor deviations.

- No requirement for the completion of timesheets for those working exclusively on a single EU funded project

LERU is pleased with the proposed reduction in time recording requirements for those working exclusively on an EC funded project. However, as we have emphasized previously, we believe time recording should be removed for all staff working on an EU project.

- Controls and audits

LERU is pleased to read the policy objectives behind Article 23, stating that:

** "the control system shall ensure an appropriate balance between trust and control, taking into account administrative and other costs of controls at all levels, so the objectives of Horizon 2020 can be achieved and the most excellent researchers and the most innovative enterprises can be attracted to it" and*

** that "audits of expenditure (...) shall be carried out (...) in order to minimize the administrative burden of the participants".*

We strongly hope that Horizon 2020 will continuously, effectively and completely implement this trust-based philosophy in all control and audit procedures.

- Shorter time to grant
- Broader acceptance of the beneficiaries' accounting practices
- An increased use of electronic tools for EU project management

There are however aspects of the H2020 proposals about which LERU is concerned and for which we call on the European Parliament and the Competitiveness Council to advocate changes:

- *The budget for the Marie Skłodowska Curie Actions (MSCA) and skills, training and career development*

LERU strongly pleads for a significant increase of the MSCA budget compared to the currently proposed one. With the proposed amount for H2020, the MSCA budget will drop from almost EUR 1 billion in 2013 to EUR 0.7 billion in 2014, only reaching the 2013 level again in 2019. LERU strongly opposes such a drop, suggesting on the contrary that the MSCA budget should allow more “competitive” (i.e. higher) success rates for Training Networks as well as for the Fellowships. The Marie Curie scheme is one of the most efficient programmes, both in terms of support from the scientific community and of outcome in reinforcing the quality and excellence of scientific staff. Compared to many other programmes in H2020, it has a long and proven track record. The proposed budget for MSCA is therefore not only unacceptable, but also incomprehensible.

LERU is also in favour of the MSCA budget focusing on fewer instruments (Training Networks and Fellowships) and not being divided too broadly.

- *The assurance of enough bottom-up research initiatives in priority II and III (Industrial Leadership and Societal Challenges)*

In the current architecture it is important to ensure that sufficient funding is allocated to bottom-up research initiatives in the second and third ‘priority’ of H2020. At the moment there is no guarantee for this.

LERU is pleased with the extension of the FET scheme (i.e. bottom-up approach, focused projects, two-step submission procedures and continuous submission), but would prefer that FET schemes be introduced in more directed or thematically oriented programmes and not just in priority I. The FET budget should therefore be allocated within all programmes and not limited simply to the first priority. LERU emphasizes that the currently proposed FET budget is far too modest.

LERU is very positive about the idea of having less prescriptive topic descriptions in calls for proposals for each of the societal challenges, but will be concerned to see that this is actually be translated into the calls.

The separation of ICT, NMP, Biotech, AdvMan and Space (Industrial Leadership - Enabling/industrial technologies) from the other “thematic priorities” such as Health, Food, Energy, Transport, Climate and Inclusive Societies (Societal Challenges) is an important change compared to FP7. Knowing that the IL-Eit programme will be mainly driven by industry, it might be of concern for universities to ensure their active (including leading) participation in such projects or actions.

- *Research in social sciences and humanities needs to be supported by H2020*

The EC has agreed to add the challenge of ‘Inclusive, innovative and secure societies’ to the list of societal challenges with the intention of supporting research in social sciences and humanities. The Commissioner for Research and Innovation has also stated that research in humanities and social sciences will have a place within the other societal challenges as well. Despite these statements, LERU fears there will be few opportunities for researchers from these disciplines in H2020, compared with FP7, particularly in the humanities. LERU strongly underlines the importance of funding research in humanities and social sciences at the EU level and would therefore be in favour of introducing creative incentives to reinforce the

participation of social and humanities scientists across all themes, in different types of interdisciplinary projects and without losing flexibility.

- *Cost reimbursement based on full economic costing*

LERU regrets that the principle of cost declaration based on full costs will not be continued as an economic principle of EU programmes. We hope that this will not discourage universities from using full costing for internal management and organisational purposes, as this contributes significantly to the modernisation of Europe's higher education.

As a number of universities have put a lot of effort and resource in moving to using a full costing method for EC projects, LERU advocates keeping funding through full costing as an option in H2020.

- *Provisions for a lower reimbursement rate*

Article 22.5 of the Rules for Participation makes fairly broad provisions for giving a lower reimbursement rate of 70% for anything that "consists primarily of prototyping, testing, piloting, demonstration experimental development, market replication". LERU is concerned about the sustainability of universities' participation in activities defined in this way. LERU also wonders if projects under the 'Industrial leadership' fall in this category, or perhaps even some Phase 3 clinical trials or ERC Proof of Concept grants. If that were the case, it would be extremely worrisome. In addition, the same Article also states that a lower limit of 70% is applicable to 'co-fund' actions. If we understand the definitions section correctly, 'co-fund' actions would cover Joint Technology Initiatives, such as IMI and MSCA co-fund. If that were the case, these programmes would become (even) less attractive to university partners.

It would be good if Article 22.5 could be more precise and give reassurance as to what exactly will be covered by the lower reimbursement rate.

- *IPR definitions*

LERU is concerned about some of the IPR definitions and terms in the proposed regulation for H2020 as they are too vague or seem to put universities at a disadvantage compared to industrial participants.

Our main concerns are related to:

- * the definition of "fair and reasonable conditions" (article 43.4)
- * the increased emphasis on commercialisation and protection of results (article 39-40)
- * the proposed handling of the 'background' regime and the access to 'background' (article 44.2)
- * the access rights for exploitation (article 45)

LERU will provide detailed feedback on the draft wording of these and other key points in the near future.

This short note addresses LERU's main concerns regarding the proposals for H2020. If you have any questions on these or other points of H2020, please do not hesitate to contact the LERU Office by phone at +32 16 32 99 69 or by e-mail to Laura.Keustermans@leru.org. LERU will publish a more detailed position in the next months.