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on the Rules for the participation and dissemination in Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)

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Simplifying participation in EU Framework Programmes - a constant journey

The issue of simplification of EU framework programmes has been the theme of an ongoing debate that dates back almost to the very beginning of the EU's research funding activities. Over the last two years, the Parliament has repeatedly called upon the Commission to take a quantum leap in simplification, in order to ultimately improve stakeholders' access to EU research and innovation funding and increase the attractiveness of the programmes. In the parliamentary reports on the FP7 Midterm-Review (2011/2043(INI)), on Simplifying the implementation of Research Framework Programmes (2010/2079(INI)) and on the Green Paper "From Challenges to Opportunities" (2011/2107(INI)), numerous concrete recommendations and proposals have been made that must now be taken onboard in the Horizon 2020 legislation.

In addition to streamlining the research funding landscape at an EU level, the most significant part of the simplification potential can be achieved by an appropriate design of the provisions foreseen in the Financial Regulation and in the Rules for Participation. Here the Rapporteur would like to stress once again the importance of obtaining a simplified and more coherent Financial Regulation, which is currently an object of trilogue between Parliament, Commission and Council. He expresses his sincere hope that the simplification measures that have been called for by the Parliament, especially those that aim at simplifying the provisions relevant to research and innovation funding, will be fully implemented.

In respect thereof the Rapporteur welcomes the "Simplification Agenda for the MFF 2014-2020" (COM(2012)0042), which clearly demonstrates a strong commitment towards simplification on the part of the Commission. He believes that the Commission's plan to erect a scoreboard in order to monitor progress made in implementing the simplification agenda can support the decision-making process. He does, however, sincerely hope that the Commission's intention to "rigorously defend the proposals for simplification as identified" will not hamper the Parliament's and the Council's legal duty to achieve real simplification for the benefit of the research community.

A quantum leap in simplification - already achieved?

The Rapporteur broadly welcomes the Commission proposal on the "Rules for Participation and Dissemination of Results in HORIZON 2020" as an important step forward by addressing the urgent needs of the research community in the area of EU Research and Innovation Funding. Most importantly, he acclaims the following aspects:

- A single set of rules applying to the funding of all actions undertaken by participants under H2020, including Euratom, regardless of the funding body;
- Reduced requirements in terms of time-recording systems (no time recording for persons working exclusively for the action (Art. 25 RfP H2020), scales of unit costs for owners of SMEs and other natural persons (Art. 26 RfP H2020) etc.);
- A broader acceptance of usual accounting practices of beneficiaries;

- The inclusion of VAT in the definition of eligible costs;
- A single user-friendly IT platform providing a one-stop-shop to participants
- An equal treatment of applicants, regardless of its place of establishment and field of activity (Art. 6 RfP H2020);

However, several details in the Commission proposal are either too vague or controversial and therefore deserve a more detailed discussion. Below you will find a set of issues that, in the view of the Rapporteur, should be reconsidered in the upcoming debate.

A single funding rate for all participants

The proposal of a single reimbursement rate, applicable to all participants and differing only depending on the type of activity - 100+20 % for research activities or 70+20% for close-to-market activities - seems to be a general step towards the simplification of programme management. However, its concrete implications for the applicants and beneficiaries are ambiguous and need further clarification.

Feedback from some major research organisations has already demonstrated that the proposed funding rates would have a diverging impact on the general level of funding depending on the size of the institution, nature of the activities and level of indirect costs. The Commission is therefore invited to elaborate a set of model calculations that would indicate the possible impact of the proposed funding mechanisms for programme participants and serve as a basis for possible further amendments in this area.

The possibility to create an "opt-out" option from the general model for certain participants, such as non-profit RTOs or universities that have already adopted a full-cost accounting system, should definitely be considered, in order to allow them to be reimbursed on the basis of their actual direct and indirect costs.

It is also necessary to note that the proposal only sets out a maximum funding rate, leaving it open for the work programmes to set lower limits of funding for the total eligible costs. Given the importance of exactly defined funding rates for potential participants, it is necessary to reduce such vagueness and define clear rules on maximum funding rates.

A lower funding rate might be reasonable for indirect actions with strong industry participation or in areas where support from the new financial instruments is foreseen. A reference to the possibility to use a multi-fund approach should be included in the funding rules. Especially for projects that involve large-scale demonstration activities and require a lot of financial resources a multi-fund approach would be advisable.

Funding innovation

Generally, a differentiation between the funding level in research activities on one hand and close-to-market activities on the other is a reasonable provision. However, a more detailed definition of those market-oriented activities (Art. 22 RfP H2020), to which the 70+20% reimbursement rate shall apply, is strongly recommended so that possible misinterpretations of the existing rules will be avoided.

Beyond that, the Rapporteur would generally welcome a clarification of the concept of "innovation" that the Commission plans to adopt in the future.

Regardless of this, the clear distinction between research activities and innovation (close-to-market) activities has triggered incomprehension and uncertainty among the research community. In order to foster innovation in all sectors and along the whole innovation chain, provisions must be made in order to allow the combination of different activities within one project, and therewith also allow different funding rates for different work packages. The current proposal is regrettably vague on this matter and requires more legal clarity. In this regard, it also has to be verified whether such provisions might lead to a more complicated process when building consortia or managing the projects.

The new instruments that have been proposed - specifically inducement prizes as well as the financial instruments that emerged from the former RSFF - still need further legal clarification with regard to their implementation. New and existing instruments should be rationalized.

The Rapporteur would like to stress once again that "time" will be *the* crucial factor if the Union truly wants to succeed in unlocking Europe's innovation potential. A significant reduction of the average "time-to-grant" and "time to pay" must remain among the most important goals of the simplification agenda - not only in order to reduce the administrative burden and overlong uncertainty for the applicants, but also to actually enable researchers to innovate. This is particularly true for SMEs.

Widening participation

SMEs and medium-sized enterprises

The Rapporteur welcomes the fact that some specific rules aim to enhance the participation of SMEs (e.g. Art. 26, Art. 47 etc. RfP H2020). Especially within those programme lines of Horizon 2020 that are meant to accommodate the funding needs of SMEs a certain range of flexibility must be ensured in order to respond to the special conditions under which SMEs undertake research and innovation activities. It seems crucial that specific measures can be taken to significantly shorten the "time to grant" and the "time to pay" in calls that primarily target SMEs as participants.

A particular issue that the Rapporteur would like to address is the special role that medium-sized enterprises (250 to 500 employees) play within the innovation landscape of the Union. Statistics show that these medium-sized enterprises, whose headcount ceiling exceeds that of SMEs, are today the driving force behind innovation in Europe. The funding instruments of

Horizon 2020 should therefore foresee appropriate measures to unleash the full innovation potential of these enterprises.

"Stairway to Excellence"

Closely linked to the need for simplification, the issue of underrepresented regions and member states has always been looming large in the discussions about FP7. Horizon 2020 will be the first EU Framework Programme designed to tackle this problem and to fully unleash the RDI potential of all EU member states and regions. A committed simplification agenda, an appropriate set of instruments, pervasive synergies with the structural funds and other relevant EU programmes as well as a coherent set of accompanying measures will contribute to building a "stairway to excellence" for those underrepresented in the current programme. The Rapporteur is well aware of the fact that the specific measures of this "stairway to excellence" will have to be implemented accordingly in the Rules for Participation in order to reflect provisions that still remain to be introduced in other legal acts of the Horizon 2020 package. In order to increase synergies and complementarities between Horizon 2020, the structural funds and other relevant EU programmes an alignment of the rules for participation in all concerned programmes will be required.

International cooperation

The Rapporteur is convinced that the intended paradigm shift towards innovation cannot succeed without a strategically widened involvement of the international research community. Heterogeneous EU partners, such as South Africa on one hand and South Korea on the other experienced the EU funding landscape as equally inaccessible. The substantial reductions of administrative burden as well as the shortening of "time to grant" and "time to pay" are therefore also preconditions for the attraction of excellent researchers from all over the world.

Dissemination of results

The rules on the intellectual property rights are in large extent based on the existing rules of FP7 and the Rapporteur welcomes this continuity. A much stronger focus on exploitation and dissemination of results is also coherent with the overall aims of the Horizon 2020 program. The Rapporteur believes that as a principle, open access, open source and patenting are adequate instruments for the dissemination of results and their promotion, but a higher level of awareness and assistance on intellectual property rights would be highly advantageous.

Rules on intellectual property rights should be more consistent throughout Horizon 2020. In order to preserve the flexibility of the regulatory framework, several details are to be regulated in the grant agreements. Certain cautiousness, however, would be very advisable to avoid a disintegration of the overall terms and conditions.

As for the new funding instruments, such as pre-commercial procurement or public procurement of innovative solutions, further legal clarification is needed since experience with public funding of these activities is very low in most sectors. With regards to PPPs for example, a set of shared conditions applicable to new and already existing PPPs should be devised, which could cover the IPRs in public procurement and access rights and open

participation to newcomers and small players.

Summary

A single, clear and consistent set of rules for the participation and dissemination of results under Horizon 2020 is the key to a successful implementation of the whole framework programme.

In order to achieve the goals that have been set by the Parliament in earlier reports and also in order to fulfil the demands that righteously have been raised in the research community we will have to strike a sensitive balance between four crucial principles. These principles are simplification, accountability, flexibility, and reliability - the successful implementation of Horizon 2020 will largely depend on meeting and balancing these principles.

