

Reduction of Burdens in Administration and Finance in the Research Framework Programmes

EUCAR appreciates the efforts made by the European Commission (EC) to address the administrative burdens experienced by projects' participants in the research Framework Programmes. In particular the EC communication on simplification of 29th April 2010 sets out a serious and creative plan for a reform addressing many of the difficulties.

This paper sets out EUCAR's assessment of the EC communication and provides a detailed analysis of current administrative burdens and where improvements could be made under the current administrative structure.

On the EC communication:

- The proposals for streamlining procedures under current rules are welcome and could be complemented by some of EUCAR's proposals set out below.
- The proposals for adapting the rules under the current system are also welcome, in particular those on the use of average personnel costs.
- The use of a flat rate for indirect costs could pose difficulties, due to the generally high rates of indirect costs in many industries.
- A result-based funding system would clearly reduce the need for detailed accounting and control, but could potentially introduce greater bureaucracy in negotiation of project objectives and interpretation of results.
- The high-trust approach suggested by the EC has good potential for reducing bureaucracy and should be further explored.
- The EC proposals require further analysis and in-depth stakeholder consultation.

EUCAR's proposal for improvements under the current administrative structure:

- The current average time to grant of about 12 months could be reduced to around 6-7 months by streamlining each part of the procedure to the optimum.
- The reasons for different times to grant between different work programmes (from 246 days to 519 days) should be analysed and addressed.
- Average rates instead of actual personnel costs should be permitted for all framework programme beneficiaries, with deviations up to 25% accepted.
- The sometimes overwhelming burden of project audits on R&D departments should be reduced to the minimum to reflect the low level of financial risk in R&D funding.
- Common accounting and administrative procedures should be applied across all DGs and all funding programmes, including JTIs, to reduce administration costs.

Assessment of EC communication

The EC communication of 29th April on "Simplifying the Implementation of the Research Framework Programmes" includes some far reaching ideas which could be expected to make a significant contribution to reduction in administrative burdens. The main elements from EUCAR's point of view are discussed below:

1. Streamlining proposal and grant management under the existing rules

As proposed by the EC, full integration of grants, evaluations and proposals into a unique IT platform by 2012 is desirable. This should be followed up and implemented as soon as possible.

We also support measures to ensure uniform application of rules across all work programmes and funding models.

The current structure and timing of calls is in general acceptable for EUCAR's members. Of greatest importance is that the content of calls is successfully aligned to the research needs of the subject area. Two-stage submission can reduce the burden of drafting full proposals, but may also increase the length and complexity of the submission process. It could therefore be an interesting idea if combined with a complete reform of the evaluation and negotiation procedures.

The proposals on adapting the sizes of consortia and more extended use of prizes have potential for improving the performance of projects.

2. Adapting the rules under the current cost-based system

EUCAR supports the proposals for broader acceptance of usual accounting procedures for eligible actual costs and in particular for the use of average personnel costs, as set out below. Most industrial partners apply average costs / cost centre based accounting systems.

It may be difficult for single reimbursement rate for all organisation types to reflect appropriately the circumstances of all types of organisation involved in research. However, a reduction in the number of reimbursement rates for different activity types would be welcome, as long as this does not result in a reduction in the contribution compared to the current status.

A single flat rate for indirect costs may be acceptable for universities but would unlikely be acceptable for EUCAR's members and other industrial companies, due to the generally high rates of overhead in industry.

The proposal to remove the obligation to recover interest on pre-financing would immediately reduce a specific complication and therefore be very welcome.

Lump sums for personnel per beneficiary as proposed by the EC may be a useful option to reduce the burden of time recording. However, the negotiation of the lump sums could bring an additional delay and create uncertainty for beneficiaries if the lump sum amount turns out to be insufficient. Therefore this proposal requires further analysis.

Removal of the requirement for member states to provide opinions on selection decisions would be welcome, as long as the member states are provided the same opportunity as before for scrutiny.

The consequences of changing the guidelines on running projects should be carefully assessed and if necessary apply changes only to new projects.

3. Moving towards result-based instead of cost-based funding

The options put forward by the EC for result-based funding demonstrate a creative thinking that is very welcome and should be further assessed.

Project specific lump sums paid against agreed output/results (Option 1) would certainly reduce the accounting administration but would require difficult negotiations and significant efforts from participants on output/results and eventually on the measurement of the actual results against those expected. This could potentially therefore replace one administrative burden with another as well as causing uncertainty in funding for organisations which may not be in a position to absorb losses and should be analysed in detail.

Pre-defined lump sums paid against highest scientific output (Option 2) would introduce a welcome additional element of competition. However, it appears that this approach may encourage a lower funding rate and could also spur participants to "over-promise" in order to secure projects. Again further discussion and analysis is necessary.

The high-trust approach (Option 3) makes the most appropriate acknowledgement of the nature of the research community and will bring about the greatest reduction in administrative burden. The risk of abuse can be expected to be low, since the industrial and academic communities each have strong incentives to produce successful outcomes from their research projects. The extent of transparency of results towards the general public would have to be addressed, in order to retain confidentiality of technology. A potential disadvantage could be that new actors may find it more difficult to enter the funding programmes.