

EUROHORCs

EU Regulatory Framework for Research Actions

Basic Principles for Robust Rules

Introduction

European researchers should be at the forefront of international research in order to make Europe the most dynamic and competitive knowledge-based economy in the world. To achieve this ambitious aim, an adequate legal and financial framework is crucial.

EUROHORCs wish to draw attention to the **basic principles** that **should govern the regulatory framework for public research funding**.

EUROHORCs are aware of the specificity of the European context, in which Member States and Associated Countries contribute to a 'common pot' and expect the funds to be redistributed in a rigorous and fair way. Therefore, **trans-national standards** have to be developed in such a way that all participating countries and organisations can take ownership of these, and their use can be endorsed and implemented by any public or private entity participating in European research programmes.

The research community generally operates within **national legal and financial frameworks** which are themselves **subject to strict regulations and controls**. When researchers are involved in work funded by the EU they are additionally subject to the EU Regulation and Rules. Under the latter, research is funded presently through contracts that require particular reporting, monitoring and control procedures. However, these procedures for establishing the Commission's and the beneficiaries' compliance with the rules admit an extremely narrow **margin of deviation**, thus resulting in a huge and costly administrative burden, incompatible with the suppleness necessary to promote creativity in research. In other words, the balance between the costs and benefits of control is in danger of putting at stake the attractiveness and success of European research. A widely acceptable definition for a tolerable risk is thus necessary.

EUROHORCs members have all subscribed to the **Lisbon strategy** and fully support the idea of **excellence as the primary criterion for funding research through European programmes**. This requires clear rules for participation and a well-adapted, flexible but precise financial policy. It is only with **appropriate legal and financial rules** that Europe can meet its full

potential. This involves **fine tuning of the financial regulations and simplification** of documentation, procedures and working methods, so that researchers may have the liberty to engage in high-risk research, while at the same time funding may be traced and possible misuse identified. In brief, Europe must develop a legal environment for implementing and funding research activities that takes into account the **specificities of research and sets international standards for research funding**.

The current **Financial Regulation**, which applies to all actions funded through European public funds, is a well-designed text, which provides a comprehensive framework and leaves a certain margin of adaptability for its implementation in research activities. At the same time, however, it allows a considerable range of interpretations, a situation that has increasingly led to difficulties for the beneficiaries. EUROHORCs believe that flexibility and adaptability of the Regulation are necessary for research, but also strongly recommend that areas of ambiguity be clarified, to avoid legal uncertainty in the implementation of research actions. EUROHORCs are convinced that it is necessary to set clear guidelines through **the Regulation and Rules themselves, in order to orient the subsequent interpretation and administration** which should adapt the rules in view of promoting excellence in research, and thus set the best conditions for European competitiveness.

EU institutions must seize the opportunities offered by the revision of the Financial Regulation, the interim evaluation of FP7 and debate over simplification to enhance European competitiveness. European officials and parliamentarians must establish and maintain a **close dialogue** with the research community to ensure the success of their policies, as the research community takes ownership of them and commits itself to their realization.

EUROHORCs intend to participate actively in the current discussions on adapting the rules to ensure the competitiveness of European research and to contribute to all future developments. To this end, and by drawing on their wide-ranging experience both in research funding and in research performing, in this document EUROHORCs propose what it considers the **basic principles** that should be respected in the European context for establishing the rules that will permit European research to thrive.

1. Basic Principles for Appropriate and Effectual Rules for Research

1.1. Stability:

Stability of the legal and financial framework, as well as clearly defined and self-explanatory terminology, is crucial. Rules should be stable and remain valid beyond a single framework programme to ensure continuity and guarantee quality implementation.

Research requires a long-term involvement on the part of all its actors, as its outcome is perceivable only with time. This means that stability over time is an indispensable condition for research. The regulatory framework has to guarantee legal certainty.

The repeated introduction of new rules, interpretations and procedures incites researchers and their administrations to a constant vigilance to an ever changing administrative framework, amplifies complexity and greatly increases the administrative burdens for the participants. The constant, often subtle, changes to existing rules and procedures produces legal uncertainty. For researchers to be able to devote their time and effort in research productively, rules must be stable and remain valid for successive research framework programmes. Any modification should be carefully measured and balanced against the extra administrative effort it creates for both beneficiaries and officials.

By clearly and comprehensively defining the terminology used, common understanding can be reached and uncertainty in interpretation can be significantly reduced.

1.2. Transverse Consistency and Coherence:

Consistency of rules and their application throughout the different research programmes and coherence in policy implementation must ensure the right balance between project, programme and context.

Research covers a very wide range of activities, from academic to industrial, often involving actors with different interests. Individual researchers and research organizations often engage in the whole spectrum of research activities. Thus, in addition to stability over time, the diversity of activities calls for consistency of the rules.

Consistency within the legal documentation is a given and needs no further comment. At the same time, however, transverse consistency and coherence between programmes is also needed. The diversity of instruments and funding schemes within research does not have to mean multiplicity of legal frameworks or of their implementing rules. Regulatory multiplicity makes the Framework Programme unnecessarily complex and increases the risk of error. Moreover, divergent, even contradictory rules between different instruments can weaken participation and thus go against European interests.

A clear rationale for any derogation is necessary, as is a justification of its advantages, measured against the additional administrative effort for the applicants. Cases of deviation from the rules should remain an exception and should never diverge from the scientific while respecting European interests.

1.3. Adaptability:

Ensuring consistency throughout the legal documentation and between EU funded programmes is not in contradiction with the need for appropriate suppleness in the implementation of these texts which is to be preserved.

The broad range of research activities requires that the particularities of each situation be taken into account within the framework of unified and consistent rules for all of research. Thus appropriate suppleness in the implementation of these texts is necessary.

Beyond stability in time and consistency throughout programmes, rules should allow officials and beneficiaries enough flexibility to find practicable and adequate solutions for the different cases and scenarios that might arise. They have to be able to adequately take into account the specifics of different research projects.

The Financial Regulation applying to European funded actions gives some latitude for appropriate implementation of research activities. Nevertheless, there is room for improvement by eliminating ambiguous and equivocal passages of the rules in favour of clarity without, however, narrowing the room for interpretation. Moreover, regulatory and managerial rigidity and heterogeneity add to complexity for the beneficiaries applying for the different instruments or funding schemes and greatly increases the administrative effort and the risk of error.

1.4. Tolerable Risk:

Taking risks is an important driver of innovative and high-level competitive research and the regulatory framework must be able to support risk-taking. This requires an appropriate definition of tolerable risk for research, acceptable for both budgetary authorities and research performing entities.

Research is inherently risky, as it is a search in the unknown. In a project, the scientific risk may give rise to a financial risk, which in turn may be a source of apparent errors. To promote high-level competitive research, a tolerable margin of error must be defined taking into account both the cost of its control and the burden it may introduce in high-risk high-payoff research.

The regulatory framework must provide the necessary conditions for scientific risk-taking. Setting a near-zero threshold for risk or error will thwart the researchers' creativity and handicap European competitiveness. Taking into account the cost and benefits of control, both in immediate accounting terms and in terms of its repercussions in research, the EU institutions must establish a level of tolerable risk or error appropriate for research, compatible also with the practices of the universities or research organizations that manage EU research contracts and have moral, legal, and financial obligations to limit operational risks.

2. Basic Principles for implementation

2.1. Use of own accounting system:

Research organisations accept research expenses that are real, economic and necessary for the implementation of a project or programme. European funds, like all public funds, must therefore be determined and managed in accordance with the usual accounting principles of the individual participant.

The use of own accounting principles should be the standard, assuming they are robust, in line with national rules and adhere to requirements for realising a research project or programme. The rules have to enable the participants to use their usual administrative procedures (in line with their national rules) by using their usual accounting system. This would drastically reduce errors and give confidence to research administrations and researchers.

2.2. Reliability and Traceability:

Beneficiaries have to be able to rely on agreements that have been reached in dialogue with the responsible Commission staff. Reliability is an integral part of trust and is fundamental to partnership and dialogue. It must be possible to trace all aspects of research actions, including decisions made during the lifecycle of a research project.

Within the lifetime of a research programme or project, there is need for discussion between Commission officials and beneficiaries and for common decision making. In cases of difference of opinion there should be a 'mediation' or an 'arbitration' system. This must lead to quick, definitive and recorded decisions, thus ensuring that the project can proceed without uncertainty or unnecessary obstacles.

The traceability of decisions and steps taken during the lifetime of a project is indispensable. Any decision or change has to be thoroughly justified, adopted after agreement of all parties, and then registered, so it may be possible to trace it back, explain and justify the further developments of the project. The registration of decisions must not encumber the reporting procedures to which the researchers are subject, but must be a recorded identification of steps and decisions taken during the life of a research project. Consistency in interpretation of rules during the execution of a project must be mandatory.

2.3. Partnership and mutual trust:

Mutual trust between funders and research performers is crucial. Partnership gives value to common action and enhances the chances for success of any operation.

The Commission as research funder is the partner of the beneficiaries, as well as a service provider. Mutual trust is central. Similarly, the European Parliament, the Council and the Court of Auditors must trust researchers and their organizations. Partnership implies shared means to get to common objectives.

Doing research involves working at the frontiers of knowledge; it is a risky, unpredictable endeavour. In a balanced partnership, profit from and losses of (research) actions must be shared. Mutual trust is not only necessary between the researchers but also between beneficiaries and Commission.

2.4. Focus on best interest of research project:

The central goal of funding research is to support research, development and innovation in an optimal way. The focus should be on what is in the best interest of a research project and its scientific goals.

Research is crucial for the development of a European knowledge-based economy. The ultimate guiding principle in the interpretation and implementation of the rules is to support the researchers and the research performing organizations in trying to achieve their scientific objectives in the best possible way so that Europe can compete internationally.

Conclusions

European research needs **robust and simple rules** with a clear rationale, well-communicated and consistently interpreted. Stability, consistency, adaptability and tolerable risk are basic principles for any rules governing public research funding.

Building **reciprocal trust** through dialogue and mutual transparent information, relying on the research entities' own accounting principles, tracing back decisions on the use of the rules, ensuring adequate and reasonable checks and controls, and last but not least focusing on the research itself as the key factor, would be of great benefit to European research.

It is the shared responsibility of all the EU institutions to **work hand in hand** in order to make the regulatory conditions for research at EU level more attractive. Ongoing dialogue among them is essential. The Commission, together with the other EU institutions, and the potential beneficiaries of research funding must communicate closely in order to find the best possible solutions to manage the present, to prepare the future and to explain the past.

Respect of these principles will significantly enhance the **attractiveness of European research programmes** from both inside and outside the European Research Area. It will help new Member States to be successful in participating in the Framework Programme and it will motivate private companies, and in particular SMEs, to contribute to European research programmes. These factors have decisive influence on the quality of the research performed and the success of a research funding programme.

There is need for a **cultural change**. The revision of the Financial Regulation, the preparation of the forthcoming simplification communication, the FP7 interim evaluation and the preparation for FP8 all offer opportunities for EU institutions and partners to collectively change the course of the European landscape.

EUROHORCs members are ready to play an active role in this debate, and are committed to the effective realisation of the European Research Area, now inscribed in the new Treaty.

EUROHORCs

EUROHORCs (European Heads of Research Councils) was established in 1992 as an informal association bringing together the heads of European research funding organisations (RFO) and research performing organisations (RPO).

From the start, the ambition of EUROHORCs has been to be an active player in the field of European research policy by promoting and enhancing inter-council cooperation. EUROHORCs seeks to enhance the role of the research funding agencies and research performing organisations in Europe by creating a platform for discussion, initiating joint activities and promoting their input on EU research strategies.