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# REPORT

on simplifying the implementation of the Research Framework Programmes  
(2010/2079(INI))

Committee on Industry, Research and Energy

Rapporteur: Maria da Graça Carvalho

## CONTENTS

	<b>Page</b>
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION .....	3
EXPLANATORY STATEMENT.....	13
OPINION OF THE COMMITTEE ON BUDGETARY CONTROL.....	18
OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT .....	21
RESULT OF FINAL VOTE IN COMMITTEE .....	24

## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on simplifying the implementation of the Research Framework Programmes (2010/2079(INI))

*The European Parliament,*

- having regard to the Commission Communication on simplifying the implementation of the Research Framework Programmes (COM(2010)0187),
  - having regard to the Commission decision of 23 June 2009 on Acceptability Criteria for Average Personnel Cost Methodologies (C(2009)4705),
  - having regard to the Expert Group Report ‘Ex-post Evaluation of the Sixth Framework Programmes (2002-2006)’ (‘the Rietschel Report’) and the subsequent Commission Communication (COM(2009)0210),
  - having regard to the Commission Communication of 26 May 2010 entitled ‘More or less controls? Striking the right balance between the administrative costs of control and the risk of error’ (COM(2010)0261),
  - having regard to the Council conclusions on ‘guidance on future priorities for European research and research-based innovation in post-2010 Lisbon strategy’, adopted on 3 December 2009, and the Competitiveness Council conclusions on ‘simplified and more efficient programmes supporting European Research and Innovation’, adopted on 26 May 2010,
  - having regard to the Berlin declaration on Open Access to Knowledge in the Sciences and Humanities,
  - having regard to Rule 48 of its Rules of Procedure,
  - having regard to the report of the Committee on Industry, Research and Energy and the opinions of the Committees on Budgetary Control and Regional Development (A7-0274/2010),
- A. whereas the Seventh Framework Programme (FP7) is the largest transnational R&D programme in the world and a critical element in the realisation of a European Research Area and the fulfilment of objectives of the EU2020 strategy,
- B. whereas research provides a fundamental contribution in terms of economic growth, job creation and green and sustainable energy,
- C. whereas the FP requires the highest standards of excellence, efficacy and efficiency in research to attract and keep the best scientists in Europe and foster a more innovative and knowledge-based EU economy able to compete in a global economy,
- D. whereas there is still limited coordination between national, regional and European research policies, which causes major obstacles to achieving cost-effective solutions,

- E. whereas the current management of FP7 is, despite the improvements made in relation to FP6, still characterised by excessive bureaucracy, low risk tolerance, poor efficiency and undue delays that act as a clear disincentive to the participation of the research community, academia, civil society organizations, businesses and industry (especially smaller research actors, including SMEs),
- F. whereas all stakeholders are calling for further simplification and harmonisation of rules and procedures, with simplification not an objective *per se*, but rather a means to ensure the attractiveness and accessibility of EU research funding, and to reduce the time that researchers have to invest in the process itself,
- G. whereas result-based funding might limit the scope of the research projects to less risky projects and research orientated towards the market, something that would hamper the EU in pursuing excellence in frontier research and innovation,
- H. whereas research and innovation need to be clearly distinguished as two different processes (research is turning investment into knowledge and innovation is turning knowledge into investment),
- I. whereas the current simplification process comes at a crucial moment, providing impetus for the Midterm Review of FP7 and for the preparations of the forthcoming FP8,
- J. whereas the design and implementation of the current FP7 and future Framework Programmes must be based on the principles of simplicity, stability, transparency, legal certainty, consistency, excellence and trust,
  - 1. Supports the Commission Communication's initiative in simplifying the implementation of the Research Framework Programmes, providing serious and creative measures in dealing with the bottlenecks faced by the FP participants;
  - 2. Draws attention to the fact that, despite the importance of the simplification process, it is only one of the necessary reforms required to improve EU research funding;
  - 3. Highlights the need to stipulate, in the case of each individual simplification measure, whether it enters into force under the current legal framework or whether changes to the rules of the Financial Regulation, Rules for Participation or the specific rules applying to FP programmes are required;
  - 4. Calls on the Commission to contribute to the present reform of the Financial Regulation, which pursues the following aims: increase of coherence in the present legal framework; reduction of provisions; clarity, unambiguousness and manageability; to this end, calls for the incorporation of the Rules for Participation into the body of the Financial Regulation;
  - 5. Emphasises the fact that, alongside the simplifications the Commission has proposed, it should draw up a detailed plan for developing research infrastructure in the new Member States, in order to create equal opportunities for all Member States to access funding under FP7 and the future FP8;
  - 6. Notes that the participation of the private sector in the FP remains low due to complex and

time-consuming rules governing participation, high personnel costs and excessive red tape;

#### **A PRAGMATIC SHIFT TOWARDS ADMINISTRATIVE AND FINANCIAL SIMPLIFICATION**

7. Welcomes the increasing efforts towards the administrative and financial simplification of FP rules throughout programme and project life cycles (application, evaluation and management), something that should be of primary benefit for stakeholders;
8. Highlights that any simplification process should be carefully deployed within the current FP7 to maintain stability, consistency and legal certainty, providing mutual trust between all the stakeholders; in that regard stresses that, whereas uniform interpretation of existing rules should be pursued as a matter of urgency, for ongoing contracts the application of post-conclusion 'guidelines' should be avoided;
9. Expresses its concern that the current system and the practice of FP7 management are excessively control-oriented, thus leading to waste of resources, lower participation and less attractive research landscapes; notes with concern that the current management system of 'zero risk tolerance' seems to avoid, rather than to manage, risks; calls therefore for the revision and/or extended interpretation of the EU Staff Regulation on the issue of personal liability, as well as for the presentation of concrete proposals in the ongoing reform of the Financial Regulation (e.g. insurance or risk-pooling system);
10. Considers that EU monitoring and financial control carried out by the Commission and OLAF should be primarily aimed at safeguarding public funds and combating fraud, whilst distinguishing clearly between fraud and errors; in that regard considers it necessary to establish a clearer definition of 'errors' in all binding legal documents, including the mechanisms for the establishment of errors as opposed to differing interpretations; calls, therefore, for thorough analysis and communication of errors and remedial actions relating thereto;
11. Believes that the management of European research funding should be more trust-based and risk-tolerant towards participants at all stages of the projects, while ensuring accountability, with flexible EU rules to align better, where possible, with existing different national regulations and recognised accounting practices;
12. Supports fully the adoption of a higher rate of tolerable risks of error (TRE), something that reduces both complexity and ex-post audits, ensuring a proper balance between sound financial management and appropriate controls; emphasises that it is crucial to ensure that the rules of participation are interpreted and applied in a uniform manner, leading to a decrease in the error rate;
13. Requests that beneficiaries who receive grants under FP should be informed about the Commission's relevant audit strategies; recommends disseminating these strategies via the National Contact Points and including them in Cordis;
14. Agrees to, and recommends, broader acceptance of usual accounting practices for the eligible costs of participants once they have been clearly defined and agreed upon, especially for average personnel cost methodologies, provided that these procedures are in

accordance with national rules and certified by competent authorities, leaving enough flexibility for each beneficiary to use either actual personnel costs methodology or average personnel costs methodology;

15. Urges the Commission to actively pursue Parliament's requests as raised in its discharge decisions for the years 2007 and 2008, in particular for concrete proposals to be made on simplifying the calculation of average personnel cost and for these proposals to be applied;
16. Considers that in the case of public bodies the statements of assurance on the reliability of the organization's annual accounts and on the legality and regularity of the underlying transactions issued by the national Court of Auditors and/or the national Public Auditors should be accepted by the European institutions when auditing the whole methodology of costs;
17. Supports a further reduction in combinations of funding rates and methods for defining indirect costs across the different instruments and between activities (management, research, demonstration and dissemination) without jeopardising the current level of funding rates; acknowledges, however, that the current differentiation between universities/research centres, industry, non-profit organizations and SMEs should be maintained; calls on the Commission to retain the use of actual costs as one method of combining funding rates and defining indirect costs;
18. Is of the opinion that lump sums and flat rates should be used on a voluntary basis and only applied where appropriate; calls on the Commission to further clarify the terminology in use on flat rates and lump sums;
19. Favours the introduction of lump sums covering 'other direct costs', provided that the option of real costs remains; calls on the Commission rigorously to assess the use of lump sums for personnel costs; highlights that lump sums are the most effective alternative for International Cooperation Partner Countries within the FP;
20. Acknowledges that reducing the size to smaller consortia, whenever possible, contributes to simplifying the process, shortening the calendar of the projects and reducing administrative costs;
21. Believes that larger teams should be justified by the multidisciplinary nature of the work to be performed;
22. Proposes, for example, a tacit approval procedure in order to facilitate modification of the grant award agreement, particularly in order to take account of changes in the composition of consortia or their administrative and financial configuration;
23. Favours the total abolition of time-recording mechanisms, such as time-sheets (this abolition should not be restricted to the use of lump sums);
24. Welcomes the immediate lifting of the obligation to recover interest fees on pre-financing;
25. Agrees that the use of prizes is to be encouraged but not as a substitute for properly

structured funding;

26. Calls on the Commission to allow the reimbursement of costs incurred after the presentation of the proposal, once successfully selected, in order to ease the participation of industrial partners, and particularly of SMEs;
27. Requests simplified interpretation and further clarification on the definition of eligible costs (such as taxes and charges in personnel costs, sick leave and maternity leave), as well as on the question whether VAT can be covered under eligible costs; calls on the Commission to examine the possibility of considering VAT an eligible cost item where non-deductible; requests further clarification on procedures related to exchange rates for partners using different currencies;
28. Regrets that the introduction of the participation identification code (PIC) has not reduced repeated requests for legal and financial information (and supporting documents) and that the reception of PIC during the application process is not always followed by a validation process; calls, therefore, on relevant actors to improve the PIC and make its usage more efficient;
29. Asks the Commission to present more precise, consistent and transparent rules of procedure for audits, including rules and principles ensuring that the rights of the audited body are respected and that all parties are heard, and to report on the cost/benefit ratio of the audits;
30. Urges the Commission to implement the 'single audit approach' and to switch to real-time auditing performed by a single entity, thereby allowing beneficiaries to correct any systemic errors and hand in improved cost statements the following year; believes that such a single audit approach should further ensure that finished projects will not be audited more than once by various auditors, so that the opinion of the first appointed independent auditor is trusted by the Commission and documents are provided only once, however many audits are carried out;
31. Calls on the Commission to provide legal certainty by refraining from applying a stricter definition of the rules for participation retroactively and by refraining from asking recipients to recalculate financial statements already approved by Commission services, hence reducing the need for ex-post audits and retroactive corrections; asks the Commission rapidly to resolve prior situations arising from inspections in progress, acting with discernment and respect for the principles of sound financial management; recommends that disputes regarding such prior situations be resolved by agreement between all parties, based for example on an independent re-audit and/or with the intervention of an ad hoc independent mediator;
32. Proposes the introduction of a response procedure under which, in the absence within a deadline to be established of any reaction from the Commission to information received, the latter shall be considered as validated by the Commission;
33. Invites the Commission to report regularly to Parliament on the administrative cost of FP7, including the management costs for both the Commission and participants, as well as on measures taken or planned to reduce this cost;

## **A RADICAL SHIFT TOWARDS IMPROVING QUALITY, ACCESSIBILITY AND TRANSPARENCY**

### **(a) Moving to a ‘science-based’ approach**

34. Reminds the Commission that beneficiaries of EU programmes are assumed to carry out funded activities in good faith and making their best effort to achieve the results expected;
35. Is therefore concerned about the current Commission’s overall trend towards result-based funding (essentially justified by the principles of sound accountability) and is deeply concerned about the possible impact of result-based funding on the quality and nature of research, with possible constraints on scientific research and a negative impact on projects with non-measurable objectives or with an objective measurable using parameters other than that of immediate utility; is equally concerned about the potential outcome in terms of further ex-ante and ex-post evaluation of project output/results and about the pinpointing of the criteria necessary to define them;
36. Regards as inadequate, save in exceptional and duly justified circumstances, the general use of lump sums such as negotiated project-specific lump sums or pre-defined lump sums per project; favours instead the ‘high-trust’ approach tailor-made for frontier research; recommends launching pilot tests of the ‘result-based funding’ with project-specific lump sums paid against agreed output/results for research and demonstration projects in specifically challenging areas;
37. Favours instead a ‘science-based’ funding system, with emphasis on scientific/technical criteria and peer review based on excellence, relevance and impact, with simplified and efficient financial control, respecting the right of all sides to be heard; believes that this science-based approach will entail a major shift from the financial to the scientific/technical side with regard to control mechanisms; considers that this approach allows stakeholders to focus their efforts on their core competences, on scientific/technical matters and on the construction of the ERA;

### **(b) Optimising time**

38. Welcomes the overall trend towards shortening the average time-to-grant and time-to-pay but expresses some reservations about the generalised use of larger-scope calls and calls with cut-off dates; recognizes, however, that such calls are appropriate for SMEs as a means of decreasing uncertainty on funding opportunities and of encouraging further participation;
39. Expresses its concern that current average time from proposal deadline to signed contract (time-to-contract) is still too long, with discrepancies within different services of the Commission; calls on the Commission to shorten time-to-contract to maximum 6 months and to set appropriate deadlines for evaluation and contract negotiation, based on a benchmark system;
40. Invites the Commission to extend the average time from the publication of the call for proposals to the deadline for submitting the application;



41. Has strong reservations about the effects of abolishing the legal requirement for an opinion by committees of Member State representatives on selection decisions on individual projects, especially those with impact on ethics, security and defence;
42. Believes that the approach aimed at favouring the identification of common basic principles should not prejudice national ethical options and specificities in the matter of research;
43. Supports the general trend towards a 'two-stage' application procedure, particularly in cases where the expected oversubscription is very high, provided that the evaluation is undertaken thoroughly in the first stage (objectives, scientific approach, competences of participants, added value of scientific collaboration and overall budget); stresses that this increases the chances of success at the second stage, provided that it is not at the expense of longer time-to-contract or grant periods; believes that this approach reduces application costs;

**(c) Shifting to a 'user-centred' approach in terms of access**

44. Underlines that the FP management must place beneficiaries at the centre of its missions and provide better access to FP;
45. Calls for a substantive improvement in the clarity and accessibility of guidance documents, which should be compiled in a handbook and translated into the EU official languages;
46. Stresses the need for increasing participation by the new Member States in FP projects by means of simplification of the application and contractual procedures, which represent significant obstacles to entry at the proposal stage, in particular for first-time applicants;
47. Recommends improving the stability provided to stakeholders by having, as far as possible, one single Commission project officer, delivering personalised support throughout the lifetime of a project with consistent implementation of rules, as well as a 'one face to the customer' approach, in which advice on multiple programmes can be received from just one contact point;
48. Requests that each document provided by the Commission and its services should clearly establish its legal status, specifying both who is bound by its content and how they are bound;
49. Supports the introduction of more e-administration and IT tools and, in particular, the development of a research participant portal and the introduction of the e-signature; calls on the Commission to establish an integrated and user-friendly online system; supports making all electronic information on programme management available (identification, application, negotiation and report); supports making this online system available on day one of the programme and accessible at all stages; takes the view that videoconferencing should be promoted to replace face-to-face meetings; recommends that e-administration services use open protocols and formats when communicating so as to ensure transparency, accessibility and interoperability;

50. Recommends that the Commission launch an information and awareness-raising campaign on the information technology tools available under the programme;
51. Welcomes the Commission's Open Access Pilot, which aims at improving access to the results of research both through the Cordis system and through encouraging scientists to register their research in a repository;
52. Stresses that beneficiaries' access to projects in the field of research and innovation requires high technical capacity and strong knowledge of administrative and financial procedures and, therefore, that this access is extremely difficult for smaller applicants such as SMEs and small research institutes located in peripheral regions; recalls that some 90% of businesses in Europe are SMEs and that it is necessary to ensure their full and effective involvement in the use of FP7 resources;
53. Stresses the need for increased transparency as regards the process of topic selection for calls which should ensure relevant stakeholder participation;
54. Recommends the creation of a more transparent, coherent, and harmonised peer review system based on merit;

#### **SYNERGIES OF PROGRAMMES AND INSTRUMENTS**

55. Urges that the complexity of EU programmes (e.g. FP, CIP, Structural Funds) and associated instruments (JTIs, Article 187 initiatives, PPPs, Article 185 projects, KICs, Era-net etc.) be reduced; stresses that this will lead to full exploitation of synergies resulting from their combined action;
56. Regrets the extreme multiplication of research bodies, cooperation models and management mechanisms and the resultant complexity, which creates problems of transparency in relation to the budgetary authority and differences in the treatment of beneficiaries;
57. Recommends a reduced set of rules and common principles for funding to govern EU funding for R&D and calls for coherence and harmonisation in the implementation and interpretation of the rules and procedures; stresses the need to apply this common set of rules across the whole FP and associated instruments and within the Commission, regardless of the entity or executive agency in charge of implementation;
58. Recommends establishing mechanisms to provide common guidance within the Commission, and launching training for project officers and internal auditors; urges the creation of an appeal mechanism such as an 'FP mediator' for participants in cases of incoherent and inconsistent interpretation of rules and procedures; believes that decisions taken by this mediator should be final and binding;
59. Takes the view that innovation can be best fostered at regional level, thanks to the proximity between universities, public research bodies, large companies, SMEs and regional and local public authorities, for example within clusters; also notes that fostering innovation at the regional level can help reduce social and regional disparities; nonetheless encourages the various levels (regional, national and Community) to

coordinate more effectively their efforts to plan R&D activities at European level; also emphasises the need for better links between academia and industry;

#### **LESSONS TO BE DRAWN FOR THE FUTURE FP8**

60. Believes that a radical overhaul of the administration of the FP is one of the highest priorities to be tackled in designing the forthcoming FP;
61. Considers that the revision of the Financial Regulation, the Staff Regulations and the implementation of a research-specific TRE have a pivotal role in restructuring the research financing framework and in allowing further progress in simplifying research funding;
62. Invites the Commission to assess the effectiveness of each individual instrument, within each programme, towards the achievement of specific policy goals, and calls for a reduction in the diversity of instruments whenever effectiveness or distinctive contribution is not clearly demonstrated, whilst maintaining enough flexibility to accommodate projects' specificities;
63. Supports a science-based funding system and a well balanced division between top-down, impact-driven and bottom-up, science-driven research as the basis for FP8;
64. Believes that FP8 should focus on frontier research while taking into consideration the whole chain of innovation through frontier research, technological development, demonstration, dissemination, valorisation of results and rapid integration of research results into markets;
65. Believes that FP8 should encourage collaboration between European researchers by introducing a research voucher scheme with money for research following researchers who move to universities across the Member States, contributing to centres of excellence, independent universities and increased mobility among researchers;
66. Asks the Commission to publish an analysis of the participation levels of different Member States in FP7 and to take the conclusions into account in order to ensure a balanced research development across the Member States in FP8;
67. Believes that in setting the priorities for FP8, consideration should be given to the wider non-grant-based funding alternatives for innovation including public-private venture and loan capital investments;
68. Recommends further internationalisation of FP8 through cooperation with third countries, including developing countries, providing them with simple and specific management rules; encourages, in anticipation of the upcoming FP8, the exchange of best practices and standards with all other international partners;
69. Supports the role of the Commission as gatekeeper when financing from national or regional authorities is required;
70. Welcomes the setting up of the Commission's innovation subgroup, and its discussions on

how to measure the effectiveness of EU R&D policy and related spending on R&D projects;

71. Instructs its President to forward this resolution to the Council and the Commission.

## EXPLANATORY STATEMENT

Science, education and innovation are pillars of economic growth and job creation. Europe must invest in innovation if it is to develop new products and services. These will create new sources of employment and growth, something that will both render Europe more competitive and improve its quality of life. Innovation, however, requires research. Research and innovation are at the heart of the European Union's *Europe 2020* initiative.

The European Research and Innovation programmes, in particular the Framework Programme for Research, Technological Development and Demonstration Activities, have grown in scope over the years both in terms of their applications and the size of their budgets. The increase in the number of applications for funding has been met with a parallel growth in control mechanisms in an attempt to ensure the proper use of EU funds. More rules and administrative procedures, however, have meant that it is increasingly difficult to approach the process with confidence. It is particularly difficult for smaller organisations – SMEs, high tech start ups and smaller institutes, universities and research centres – to cope with this complexity.

The research community urgently calls for a harmonization of the rules and procedures and a general simplification of the financial accountability requirements. Recently, 13.000 researchers put their name to a petition requiring more simplification and trust in EU research funding. This is a generalized feeling amongst researchers, academics and industry members. It is certainly necessary to simplify the mechanisms involved in the Framework Programmes for Research, Technological Development and Demonstration Activities, FP7 and FP8 and all the European Commission Science and Innovation programmes.

The current system should be replaced by a system that places greater trust in the applicants. A way ahead would be to simplify the monitoring of financial and administrative aspects to projects whilst reinforcing the scientific and technological assessment process. This supposes peer review and, with it, the application of excellence based criteria to assessment. Of course, all financial transactions involve a degree of risk but excessive concern about controlling this risk through administrative supervision can actually increase the overall cost of the process. It should be possible to, firstly, tolerate higher levels of risk (thus streamlining bureaucratic control) whilst, secondly, placing more confidence in the scientific and business community. It is necessary to strike a balance between trust and control – between risk taking and the dangers that risk involves – in ensuring the sound financial management of EU research funds.

There is a real demand for improvement and streamlining of research funding and administration. At present, there are different rules and procedures for different instruments of the Framework Programme, for different kinds of institution (universities, research centres, industry and SMEs) and for different types of activity (e.g. management, research, demonstration). This three-dimension matrix (instruments, institutions and activities) is contained within a number of concentric layers of rules and procedures. These layers are made up of rules of participation, specific programmes, financial regulation, tolerable risk of error and staff regulation that directly or indirectly influence the Framework Programme.

The rapporteur welcomes the communication ‘Simplifying the Implementation of the Research Framework Programmes’. This sets out a serious and creative plan for a reform addressing many of the difficulties experienced by participants in the research Framework Programs.

However, the relation of the proposed changes to the existing financial regulation is unclear. Some of the measures proposed by the Commission require changes in the financial regulation. Others require changes in the rules for participation or in the rules of the specific programmes of the Framework Programme. Finally, some measures require changes across the board or no changes at all.

Secondly, the rapporteur is concerned about the link between funding and results. On the one hand, the openness of the European Commission to reconsidering the funding rules of its research programs is appreciated. However, changes are to be considered carefully and thoughtfully, taking into account not only financial and administrative motives and consequences for beneficiaries, but also the possible impact on quality of research and innovation itself. The rapporteur is also concerned that the option for result-based funding might lead to less risky projects and more close to market research. Europe needs more innovation but we have to maintain frontier research as the basis for innovation. Moreover without excellence in research there is no innovation.

The rapporteur strongly urges the simplification of access to funding for research. It is necessary to develop a culture of reciprocal confidence involving all stakeholders. This will enhance research and innovation whilst making Europe a more attractive place to live and work

As a result, this report has genuine relevance and urgency. It is particularly timely, given that we are now just about to begin the interim evaluation of the FP7 and to start on the preparation for the FP8. The report is intended to provide a firm foundation upon which we can subsequently build.

#### **A PRAGMATIC SHIFT TOWARDS ADMINISTRATIVE AND FINANCIAL SIMPLIFICATION**

The reduction of the complexity and simplification of the EU research funding landscape should have a positive impact mainly on the stakeholders. The European Parliament, in its discharge resolution for 2007, drew attention to the increase in diversity. It also called for an assessment of the problems for the beneficiaries, including lack of transparency. The simplification process should provide stability and legal certainty for the participants.

Therefore, the simplification of financial accountability requires a more trust-based and risk-tolerant approach in European research funding. This involves acceptance of the usual accounting and management principles and practices of the beneficiary provided they are in accordance with and certified by national authorities. It also entails acceptance of audits and certificates on the methodology provided by national authorities as well as financial control aiming to safeguard public funds and combat fraud. The ‘single audit approach’ and real-time

auditing, performed by a single entity, would allow beneficiaries to correct any systemic error.

For each measure, it is necessary to stipulate whether a change in the financial regulation or in the rules for participation or in the specific programmes is required or not. Moreover it is necessary to stipulate if the measures are to be applied to FP7 or only to FP8. For FP7, the rapporteur is in favour of phasing these changes in gradually in order to avoid sudden drastic changes in direction within the same framework program.

The rapporteur also supports the idea of reducing the combination of funding rates and indirect costs calculation methods across financing schemes. However, the funding rates and indirect costs calculation models should be different for universities, research organizations and industry. The reason for this is that costs differ considerably between these kinds of entities. Funding rates should be different for different types of activities. Harmonisation of rules should be mainly targeted at the different instruments. Furthermore, the rapporteur is of the opinion that smaller consortia and the use of simpler central mechanisms will lead to simplified procedures.

Also the terminology in use on complex concepts such as lump sums and eligible costs should be clearly defined so as to avoid different interpretations. Clarification on the eligible costs such as taxes is of utmost importance. So too is consistency in the application of rules across the European Commission services and in different audits.

## **A RADICAL SHIFT TOWARDS THE IMPROVEMENT OF QUALITY, ACCESSIBILITY AND TRANSPARENCY**

### **a) Moving to a ‘science-based’ approach**

Excellence must be the most important driving force for research funding and a ‘result-based’ approach may lower the scientific ambition of researchers. Consequently, instead of a ‘result based’ approach, the rapporteur proposes a ‘science-based’ funding system. This will entail simplification of the control of the financial side, an emphasis on the scientific-technical side and peer review based on excellence. Indeed, a coherent, transparent and harmonised professional peer review system that uses excellence should be the most important criterion for evaluation, as is the case with the ERC evaluation system. Finally, the use of prizes should be encouraged within reason. However, the use of prizes as a means of funding research should not take the place of structured financing.

### **b) Optimising Time**

All stages of the process should be optimised to avoid delay and encourage cost effectiveness. This involves the access to draft Work Programmes, call publication, drafting the proposal, the selection procedure and the time taken to approve grants and to pay.

Reduction in time-to-grant is very much welcome. However, the rapporteur has strong reservations about the Commission proposal to remove the requirement for Member States to provide opinions on selection decisions. It is important that Member States have the power of scrutiny, especially in security and defence research and in cases of ethical evaluation of projects.

The Commission proposes a more generalized use of two-stage proposals. Two-stage submission will reduce the burden of drafting full proposals but may also increase the length and complexity of the submission process. Therefore, the rapporteur supports the two-stage application procedure provided that evaluation is undertaken thoroughly in the initial stage. This should also reduce the costs of application.

### **c) Shifting to a ‘user-centred’ approach in terms of access**

The rapporteur considers that a better access to the program and user support can be achieved by improving the guidance material (less jargon and more consistency in terminology). This can be done by optimizing the IT-systems, supporting project management and by through personalized support by the EU Project Officer (maintain the same project officer throughout the lifetime of the project). For this reason, the rapporteur supports the full integration of grants, evaluations and proposals into a unique IT platform. This should be sound, flexible and easy to use. The same platform should be used across all E. C. services and Agencies.

### **SYNERGY OF PROGRAMMES AND INSTRUMENTS**

The rapporteur welcomes the commitment of the Commission to ensuring uniform interpretation and application of rules and procedures across all programs and instruments. Moreover the implementation of the rules across the four European Commission Directorates-General and Agencies as well as the Joint Undertakings implementing the JTI should be uniform. However, the rapporteur strongly recommends a different set of rules for research centres and universities and then for industry and again for SMEs.

The reduction of complexity in EU programs and associated instruments will contribute to achieving optimised synergies as a result of their combined action. It is also desirable to construct common guidance mechanism within the Commission (training of project officers and auditors and creation of a FP mediator).

### **LESSONS TO BE DRAWN FOR THE FUTURE FP8**

The rapporteur considers the simplification of the administration as one of the highest priorities for the forthcoming FP. Furthermore, the revision of the Financial Regulation, the Staff Regulation and the implementation of a research-specific Tolerable Risk of Errors (TRE) are of major importance in restructuring the Research financing framework. At the same time, the rapporteur invites the Commission to assess individual instruments and to increase the coordination between them, whilst maintaining enough flexibility to accommodate project specificities according to their size.

The rapporteur considers that innovation is the result of an efficient and appropriately funded education and research system together with framework conditions, such as an adequate IPR policy, the existence of venture capital, open markets and smart regulation. Therefore, it is important that the Framework Programme takes into consideration the whole chain of innovation from frontier research, to applied research, technological demonstration, dissemination and valorisation of results. The rapporteur supports a science-based funding system and a well balanced division between directed, top down, impact-driven and non-directed, bottom-up, science-driven research as the basis for FP8.



Finally, the rapporteur also believes that further internationalisation of FP is desirable. This should entail greater cooperation with third countries including developing countries.

13.7.2010

## **OPINION OF THE COMMITTEE ON BUDGETARY CONTROL**

for the Committee on Industry, Research and Energy

on simplifying the implementation of framework programmes for research  
(2010/2079(INI))

Rapporteur: Aldo Patriciello

### **SUGGESTIONS**

The Committee on Budgetary Control calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Welcomes the simplification measures already introduced by the Commission in the implementation of the 7th framework programme (FP) and supports the Commission in its efforts to simplify and clarify the rules still further, to leave no room for differing interpretations and to reduce the risk of error, thereby also reducing the cost of monitoring; calls on the Commission, nevertheless, to specify the measures it intends to take when simplifying and clarifying the current rules;
2. Regrets the extreme multiplication of research bodies, cooperation models and management mechanisms and the resultant complexity, which creates problems of transparency in relation to the budgetary authority and differences in the treatment of beneficiaries;
3. Reiterates its call on the Commission to ensure increased legal certainty as regards audit requirements, to refrain from making any retroactive changes, not to repeat audits unnecessarily or because of differing criteria within the Commission, to meet the legitimate expectations of beneficiaries by a uniform interpretation of rules and to step up its acceptance of certificates on the methodology used to calculate average personnel costs, in respect of which no progress appears to have been made;
4. Supports the simplification of the rules for calculating the costs declared; calls for a clear definition of the criteria necessary for assessing whether the beneficiaries' calculation methods meet the regulatory requirements;

5. Stresses the need to simplify the rules without impairing the quality of expenditure and to improve the efficiency and effectiveness of implementation; takes the view that a transparent, robust and easy-to-manage funding system should be counterbalanced by a rigorous monitoring system; calls on the Commission to draw up proposals for a methodology for checking the effectiveness and efficiency of research expenditure;
6. Insists that the Commission, in its preparations for the next FP, should put forward a set of ambitious proposals aimed at establishing a financing system that is based on scientific results and performance, rather than on inputs and costs, whilst ensuring that innovative applications are not deterred; stresses that this science-based approach does not run counter to budgetary control requirements;
7. Calls on the Commission to ensure that all applicants receive assistance in finding a suitable partner;
8. Calls on the Commission to examine its move towards lump sum and flat rate payments, which could have a detrimental effect on beneficiaries' ability to adequately fulfil audit requirements.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	12.7.2010
<b>Result of final vote</b>	+: 22 -: 0 0: 0
<b>Members present for the final vote</b>	Marta Andreasen, Jean-Pierre Audy, Inés Ayala Sender, Zigmantas Balčytis, Luigi de Magistris, Tamás Deutsch, Martin Ehrenhauser, Jens Geier, Gerben-Jan Gerbrandy, Ingeborg Gräßle, Ville Itälä, Bogusław Liberadzki, Monica Luisa Macovei, Jan Olbrycht, Aldo Patriciello, Theodoros Skylakakis, Georgios Stavrakakis, Søren Bo Søndergaard
<b>Substitute(s) present for the final vote</b>	Zuzana Brzobohatá, Edit Herczog, Ivailo Kalfin, Olle Schmidt, Derek Vaughan

16.9.2010

## **OPINION OF THE COMMITTEE ON REGIONAL DEVELOPMENT**

for the Committee on Industry, Research and Energy

on simplifying the implementation of the Research Framework Programmes  
(2010/2079(INI))

Rapporteur: Alain Cadec

### **SUGGESTIONS**

The Committee on Regional Development calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Stresses the importance of research and development for the purpose of confronting the major challenges facing the European Union, particularly in connection with the EU 2020 Strategy; recalls that cohesion policy makes a substantial contribution to the financing of R&D in the regions;
2. Welcomes the Commission's proposals aimed at simplifying administrative procedures for the complex and costly tendering and implementation procedure within the research framework programmes, in particular the gradual introduction of performance-based funding and flat-rate elements for the staff of the projects concerned; suggests reconsidering the so-called 'one project per topic' rule and encourages the introduction of a more flexible bottom-up thematic approach to speed the process between innovative ideas and their implementation; stresses, however, that because of the inherent unpredictability of research, projects whose results cannot be clearly known in advance are also valuable; also observes that it ought to be clear how audit rules are to be interpreted in order to make a clear difference between possible irregularities and deliberate fraud;
3. Welcomes the EU institutions' current discussions on the need to simplify regional development policy with a view to making it more transparent, more accessible for participants lacking in financial resources and more effective and providing greater legal certainty for beneficiaries; takes the view that the good practices identified in the course of this process may help simplify the implementation of FP7;

4. Stresses that beneficiaries' access to projects in the field of research and innovation requires high technical capacity and strong knowledge of administrative and financial procedures and, therefore, that this access is extremely difficult for smaller applicants such as SMEs and small research institutes located in peripheral regions; recalls that some 90% of businesses in Europe are SMEs and that it is necessary to ensure their full and effective involvement in the use of FP7 resources;
5. Is of the opinion that the EU's various instruments for cohesion, research and innovation should be implemented in an integrated manner with a view to ensuring their effectiveness; emphasises the need to seek synergies between these instruments and to eliminate obstacles to such synergies, in particular by harmonising the rules on audits and eligibility of costs in order to simplify implementation by beneficiaries;
6. Takes the view that research and innovation can be best fostered at regional level, thanks to the proximity between universities, public research bodies, large companies, SMEs and regional and local public authorities, for example within clusters; also notes that fostering research and innovation at the regional level can help reduce social and regional disparities; nonetheless encourages the various levels (regional, national and Community) to coordinate more effectively their efforts to plan R&D activities at European level; also emphasises the need for better links between academia and industry;
7. Recalls that, like regional development policy, FP7 is based on the principles of partnership and co-financing; affirms its commitment to these principles of good management, and calls for their continued application despite the restrictions on public spending as a result of the economic crisis;
8. Recalls that FP7 focuses on large-scale projects likely to have a tangible impact on economic activity, innovation in product planning and ensuring a future for high value-added production, thereby creating jobs and leaving the European Union better equipped to compete globally; points out that the momentum generated by projects of excellence, in the areas of both applied and fundamental research, benefits all the EU territories, irrespective of their current level of scientific development, especially if synergy is achieved with regional policy funds, and is an effective adjunct to the primary objective of cohesion policy instruments, which is convergence, with a view both to balanced development and to competitiveness; notes nevertheless that special attention should also be devoted to smaller projects, which are also likely to have a concrete impact, for example by strengthening the link between innovation and social integration;
9. Asks the Commission to publish an analysis of the participation levels of different Member States in the FP7;
10. Points out that the increase in regional disparities in terms of research and development potential is a challenge which has to be addressed not only in the framework of Cohesion Policy, but also through research and innovation policy;
11. Is of the opinion that professional career exchanges should be encouraged, without fostering the brain drain from the EU to other parts of the world and, within the EU, from poorer countries to richer ones, which would undermine European cohesion policy.

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	6.9.2010
<b>Result of final vote</b>	+:           34 -:           0 0:           5
<b>Members present for the final vote</b>	François Alfonsi, Charalampos Angourakis, Catherine Bearder, Victor Boştinaru, Zuzana Brzobohatá, John Bufton, Alain Cadec, Salvatore Caronna, Tamás Deutsch, Rosa Estaràs Ferragut, Danuta Maria Hübner, Filiz Hakaeva Hyusmenova, Seán Kelly, Constanze Angela Krehl, Elżbieta Katarzyna Łukacijewska, Ramona Nicole Mănescu, Riikka Manner, Iosif Matula, Erminia Mazzoni, Lambert van Nistelrooij, Jan Olbrycht, Wojciech Michał Olejniczak, Markus Pieper, Tomasz Piotr Poręba, Georgios Stavrakakis, Csanád Szegedi, Nuno Teixeira, Oldřich Vlasák, Kerstin Westphal
<b>Substitute(s) present for the final vote</b>	Karima Delli, Pat the Cope Gallagher, Ivars Godmanis, Catherine Grèze, Lena Kolarska-Bobińska, Veronica Lope Fontagné, Marie-Thérèse Sanchez-Schmid, Elisabeth Schroedter, Evžen Tošenovský, Sabine Verheyen

## RESULT OF FINAL VOTE IN COMMITTEE

<b>Date adopted</b>	30.9.2010
<b>Result of final vote</b>	+: 48 -: 1 0: 1
<b>Members present for the final vote</b>	Ivo Belet, Bendt Bendtsen, Jan Březina, Reinhard Bütikofer, Maria Da Graça Carvalho, Jorgo Chatzimarkakis, Christian Ehler, Lena Ek, Ioan Enciu, Adam Gierek, Norbert Glante, Robert Goebbels, Fiona Hall, Jacky Héning, Edit Herczog, Romana Jordan Cizelj, Lena Kolarska-Bobińska, Béla Kovács, Philippe Lamberts, Bogdan Kazimierz Marcinkiewicz, Marisa Matias, Jaroslav Paška, Anni Podimata, Miloslav Ransdorf, Herbert Reul, Paul Rübig, Amalia Sartori, Konrad Szymański, Britta Thomsen, Evžen Tošenovský, Ioannis A. Tsoukalas, Claude Turmes, Niki Tzavela, Marita Ulvskog, Vladimir Urutchev, Kathleen Van Brempt, Alejo Vidal-Quadras, Henri Weber
<b>Substitute(s) present for the final vote</b>	Antonio Cancian, Vicky Ford, Matthias Groote, Françoise Grossetête, Jolanta Emilia Hibner, Yannick Jadot, Silvana Koch-Mehrin, Bernd Lange, Algirdas Saudargas, Silvia-Adriana Țicău, Catherine Trautmann, Hermann Winkler