

EARTO Recommendations for FP9 Rules for Participation: Funding Rules

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The strongest aspect of Horizon 2020 is its focus on excellence and collaboration across a variety of RD&I actors ranging from Research & Technology Organisations (RTOs), Industry (large and SMEs) and academia (universities and science academies) to public actors (regions, and various local actors). With their multi-disciplinary understanding of technology and its maturation process, their technology infrastructures and their market insight, RTOs are essential to build long-term and trusted ecosystems of all these RD&I partners. Excellent cross-border collaborative research should continue to be fostered within the next EU Framework Programme (FP9) as an indispensable element of our RD&I ecosystem to have real impact on job creation and economic growth. To further increase FP's impact, EARTO believes that FP9 Rules for Participation should be set up to support such collaboration. In that frame, EARTO very much welcomes the European Commission (EC)'s continuous efforts towards FP simplification and would like to bring further suggestions for the elaboration of FP9 Rules for Participation, with the aim of improving the management and efficiency of the FP.

To do so, EARTO members would like to make the following recommendations:

1. The future funding rules need to reflect even further beneficiaries' accounting practices and cost categories, among others on elements such as work force (salaries and productive hours), infrastructures (equipment and platforms), consumables, and other cost categories (direct and indirect). EARTO believes that this should be possible as RTOs already abide by the national accounting practices and are audited and controlled by their national/regional authorities.

2. In the current funding model, RTOs appreciate the simplification brought by the flat rate approach for indirect costs. However, such flat rates do not reflect the real costs of RTOs, for instance for their infrastructures. Indeed, RTOs' excellent infrastructures, both physical and virtual (digital), are the backbone of dynamic RD&I ecosystems and key for EU cross-border collaborative research in FPs¹. FP9 rules for participation need to take into account that RTOs' infrastructures are of many different types, sizes, etc. Recognising this issue, the EC has offered improvement in H2020 by setting up the Large Research Infrastructures (LRI) scheme with much welcomed ex-ante assessment, and by allowing internal invoicing. However, both schemes would need further improvements to better cover those infrastructures' costs: access to the LRI scheme is today too limited, and real simplification still needs to be visible during the auditing process for internal invoicing. Accordingly, EARTO members very much support the revision and simplification of the funding rules so that costs can be calculated in accordance with beneficiaries' usual accounting practices. To do so, EARTO members propose to:

- **Increase the flat rate covering indirect costs.**
- **Allow and simplify the claims of infrastructure costs:**
 - **Allow for depreciation costs of infrastructure buildings,**
 - **Base the capacity of infrastructures and equipment on usual accounting practices of the beneficiaries and not on maximum capacity,**
 - **Enable beneficiaries to choose whether to use an ex-ante assessment or not.**
- **Allow for reasonable use of allocation keys in the calculation of direct costs.**

3. Prior to any expansion of the lump-sum approach, a thorough evaluation of the returns on experience on the H2020 pilots needs to be carried out by the EC and FP beneficiaries. This evaluation needs to analyse the financial and operational impact of the lump-sum approach, in a representative manner ([see EARTO paper on lump-sums](#)).

4. Measures for ex-ante assurance and legal certainty need to be further improved.

5. The FP needs to be further simplified by reducing the audit burden:

- Simplify the FP Audit procedures.
- Ensure efficient cross reliance on audits, with an order of precedence in the audits performed: European Court of Auditors > European Commission > European Commission's Contractors > National government > Regional government.

6. One single set of rules aligned on the FP rules should be provided for every programme performed with EU funding (EIT, JTIs, ESIF, Interreg, etc.). Besides, co-funding mechanisms between FP and other programmes like ESIF and Interreg need to be enabled.

We hope that this paper will contribute to further simplification and improvement of the EU RD&I Framework Programme. EARTO and its financial experts remain ready to further discuss these recommendations with the relevant EU institutions.

¹ RTOs infrastructures are crucial for any innovative technology to 1) reach high enough maturation level and to 2) be validated via early stage experimenting, developing upscaling, prototyping, and 3) validating new solutions before they can enter the market, demonstrating their value for end-user clients and investors.

RTOs - Research and Technology Organisations

From the lab to your everyday life. RTOs innovate to improve your health and well-being, your safety and security, your mobility and connectivity. RTOs' technologies cover all scientific fields. Their work ranges from basic research to new products and services' development. RTOs are non-profit organisations with public missions to support society. To do so, they closely cooperate with industries, large and small, as well as a wide array of public actors.

EARTO - European Association of Research and Technology Organisations

Founded in 1999, EARTO promotes RTOs and represents their interest in Europe. EARTO network counts over 350 RTOs in more than 20 countries. EARTO members represent 150.000 highly-skilled researchers and engineers managing a wide range of innovation infrastructures.

EARTO Working Group Financial Experts: *composed of 35 Financial Controllers and Specialists working within our membership. Established in 2013, this Working Group is following EU R&I Framework Programme's simplification, the financial aspects of Horizon 2020 implementation (including the Large Research Infrastructure scheme (LRI), audits, cost models, lump-sums), as well as the preparation of the financial and simplification aspects of FP9.*

EARTO Contact: *Sophie Viscido, Policy Officer, viscido@earto.eu, Tel: +32 2 502 86 98*