

## European University Association (EUA)

### EUA position on the EC “Green Paper” on a Common Strategic Framework for EU Research and Innovation Funding

EUA’s recent statement on the “Innovation Union” strategy, entitled “Smart People for Smart Growth”, has set the overall context for this response to the European Commission’s “Green Paper” which seeks to focus a debate on a common strategic framework for research and innovation funding over the period 2014-2020 and the range of funding instruments required.

On this central issue of future EU research and innovation funding instruments, “Smart People for Smart Growth” has identified key principles and main instruments of prime importance for Europe’s universities.

#### Key Overriding Principles

- (i) **Excellence** criteria should determine the use and allocation of instruments and funding across the range of research and innovation activities but based upon assessments and indicators of best practice in the domains of both basic research and collaborative research with external partners.
- (ii) **Simplification** and reduction of heavy administrative and accounting procedures should be the driving forces for the improved implementation of EU funding instruments.
- (iii) **Competitive funding instruments** should be open to all research institutions with no programmes targeted specifically for certain types of research institutions as exclusive partners.
- (iv) **Innovation requires a wider interpretation and understanding** than simply being seen as the last step to commercial application. Innovation comes from contributions across the full spectrum of sciences, from engineering and technical sciences, medical and life sciences to the social sciences, arts and humanities.
- (v) **“European Added Value”** should be clearly demonstrated in order not to run the real risk that in periods of economic downturn EU research and innovation funding could be used to substitute for reductions in national and regional funding.

**Underpinning these above principles, EUA has asserted that an increased budget for 2014 - 2020 is required to achieve the ambitious programme set forth in the “Innovation Union” policy framework.**

**Present instruments** that should be continued were identified as follows:

- The **European Research Council (ERC)** supporting principal investigator-driven research teams should be further developed through both an increased budget and achieving greater autonomy within the legal framework of the Lisbon Treaty.

- **Marie Curie Actions** should provide an enhanced range of instruments for fostering the mobility and careers of researchers and strengthening their expertise and skill development for employment in academic and non-academic research.
- **Cooperation Programme** should continue as an open framework in which universities and university-based researchers develop their European networks and project collaborations with external partners (addressing broadly defined thematic priorities) offering valuable instruments to both established players and, importantly, new entrants (through small- to medium-sized collaborative project support).

On **new instruments**, “Smart People for Smart Growth” took also the following positions:

- The **European Institute of Innovation and Technology (EIT)** needed to find its place within the range of EU research and innovation instruments focusing specifically upon the enhancement of partnerships and knowledge exchange between industry / business and universities and non-university research institutions.
- The proposed **European Innovation Partnerships (EIPs)**, as instruments to bring together the relevant research and innovation actors to address “societal grand challenges”, were seen as a valuable concept but clarification was needed on how they would relate to existing instruments such as Joint Technology Initiatives (JTIs) and European Industrial Initiatives (EIIIs).
- On the new initiative of **Joint Programming**, which is being led by EU Member States with the goal of overcoming fragmentation of research effort in national programmes to better address “grand challenges”, the “framework conditions” for participation should take more account of universities’ interests.

The EUA position “Smart People for Smart Growth” underlined particularly the point that there will be a need for **more openness and transparency in the involvement of universities in the consultation and development stage of these above three “top down” EU initiatives** in order to ensure that university-based research teams with the appropriate expertise have opportunities to contribute.

## Main Elements for a Common Strategic Framework on EU Research and Innovation Funding

EUA supports the concept put forward in the “Green Paper” of developing a “Common Strategic Framework” to cover all relevant EU research and innovation funding currently provided through the Research Framework Programme (FP7), the Competitiveness and Innovation Programme (CIP), and other EU initiatives relating to research and innovation activities such as the European Institute of Innovation and Technology (EIT). In doing so, however, it wishes to offer firm and clear advice on the priorities for a common strategic framework as seen from the perspective of Europe’s universities. In this spirit, EUA proposes the following main elements of such a framework for future research and innovation funding on which it would wish an active and engaged dialogue with the European Commission in the coming months.

## 1. “Bottom-up” funding instruments must be continued and enhanced

An overall question addressed in the “Green Paper” is how to achieve the right balance between “bottom-up” and “top-down” instruments. EUA would wish to see a strengthening of both the **European Research Council** and the **Marie Curie Actions**.

Both the ERC and MC Actions merit enhanced funding support in 2014-2020 as **core “bottom-up” instruments** in EU research and innovation funding. Furthermore, viewed in tandem, they offer complementary European policy frameworks in which to seek to attain **both a certain necessary concentration of research capacity and a flexibility to ensure a “level playing field” of opportunities** for new research capacity building.

As a new funding instrument, the ERC has achieved both high visibility and legitimacy, amongst researchers and the institutions in which they are based, as a mark of research excellence in Europe. ERC’s “hallmark” has also been its leadership in the simplification of the application and evaluation processes and importantly the operational, financial and reporting procedures concerning its grants. The implementation mechanisms of the ERC grant schemes have shown a commendable degree of flexibility and “user-friendliness” towards the ERC applicants and grant holders.

EUA would wish, however, to see **two new priorities** given consideration in ERC’s work. These relate to the need for a **higher level of financial support to universities as host institutions** of ERC grant holders, and **greater transparency requirements in the recruitment of young researchers (particularly doctoral candidates) and support for their career development** by ERC principal investigators.

On MC Actions EUA welcomes the proposed **two new pilot schemes on industrial doctorates and innovative doctoral schools** and their potential for adoption as major new initiatives in the next EU financial framework, 2014 – 2020. EUA is willing to bring forward its experience from the work of its own Council for Doctoral Education (CDE), and its projects on collaborative doctoral research, DOC-CAREERS I & II, to inform the future development of these potential new MC actions.

## 2. Europe’s universities have a crucial and essential role to play in EU research and innovation funding instruments contributing to tackling societal “grand challenges”

Europe’s universities are already making scientific progress on major societal challenges such as energy futures, climate change, food security, health and ageing through creating innovative research and training environments involving inter-disciplinary cooperation. To tackle these challenges effectively Europe’s universities require **medium- to long-term commitment of funding instruments that support both basic research and collaboration with industry and other external partners**. Europe’s universities need a balanced and appropriate combination of instruments and funding at the European, national and regional level to assist their efforts.

Universities will wish to play their full part, therefore, in the new **European Innovation Partnerships (EIPs)** which seek to bring together both supply and demand side measures in addressing societal challenges. EUA suggests that its recent experience in building a **European**

**Platform of Universities engaged in Energy Research (EPUE) within the framework of the EU SET-PLAN**, which was launched at the November 2010 SET-PLAN Conference in Brussels, could serve as a valuable pilot project on how to strike the right balance between “top-down” agenda-driven activities and “bottom-up” curiosity-driven basic research.

On the core issue in the “Green Paper” of “Tackling Societal Challenges”, EUA notes that it is implied that the Cooperation programme would be brought together with industry-led agenda-driven instruments such as Joint Technology Initiatives (JTIs) and European Industrial Initiatives under the new instrument of European Innovation Partnerships. EUA seeks clarification, therefore, of the objectives of EIPs in this respect. EUA believes that a re-designed Cooperation Programme should provide for a necessary “bottom-up” competition element within EIPs to fund a range of small to medium and large project collaborations within the defined “societal grand challenge” themes embracing all fields of science.

EUA has stated that there needs to be a debate on where the **“The European Institute of Innovation and Technology (EIT)”** can find its proper place within the “top-down” agenda-driven instruments. As an input to this “Green Paper” consultation and the forthcoming consultation on the “EIT Strategic Innovation Agenda” this summer, **EUA suggests that the Competitiveness and Innovation Programme (CIP) should be re-designed for the next financial period 2014-2020 to integrate the EIT as a major part of its future activities.**

### **3. Simplification of funding instruments requires a common set of rules applied across all EU research and innovation funding**

EUA supports strongly the “Green Paper” commitments to achieving simplification of funding instruments and their implementation based more on **a trust-based system**. In its plans for a Common Strategic Framework the European Commission should consider also taking the further step (proposed by EUA in its submission to the second triennial review of the financial regulation) to introduce **a new and specific financial regulation for EU Research and Innovation funding programmes** more tailored to the needs of scientific research and technological development.

The EUA asserts that there is an urgent need for reform to achieve **common terminology and clear and consistent rules and regulations** within all EU grants/contracts and their implementation in order to reduce administrative costs at the university level. In doing so, it is crucial that the diversity of beneficiaries across Europe is taken into account and the principle of respecting their usual accounting and management practices (including staff time allocation mechanisms) are accepted. This should be the guiding principle in interpreting the regulations, including in granting the “certificate of methodology to calculate average personnel costs and indirect costs”. To solve problems and disputes in concrete cases in interpretation of rules, a mediation body should be established.

It is important for Europe’s universities that EC Rules of Participation, regulations and model grant agreements are available from the beginning of the funding programme. **Once the “rules of the game”, so to speak, are established they should be applied and followed across all EU**

**research and innovation funding activities** so that universities can plan and develop their research collaboration on a sound basis.

On **procedures**, the application process and reporting requirements need further reduction and simplification (in terms of number and size of reports) and there should be a shift from *ex-post* to *ex-ante* controls. EUA supports the European Commission's proposal to increase the Tolerable Risk of Error (TRE) from the current 2% to 3.5% for research funding as a genuine concrete step towards a more risk-tolerant and trust-based approach. All actors from the European Institutions – European Commission, European Court of Auditors, European Parliament and the Council of the European Union – and Stakeholders from the beneficiary side should work together to agree on the basic principles of how to simplify procedures.

Future research and innovation funding programmes need to move further towards funding all projects **on a full cost basis**, which means not only that the beneficiaries need to be able to fully recover all direct and indirect costs, but also that the European Commission applies a broader acceptance of eligible costs, in particular for the possibility to recover VAT. On the **recovery of indirect costs**, the first 4 years' experience of FP7 shows that **the interpretation of rules has been far too restrictive**. Universities that have the capacity to identify the full costs of their activities through an appropriate accounting methodology most often still do not fulfill the requirements of the European Commission. Although the "simplified method" was set up to encourage universities to move towards full costing (the capacity to identify and calculate all direct and indirect costs of an institution's activities and projects), the excessively restrictive interpretation and subsequent regulations hinder that objective and generate the opposite effect, with universities having to fall back on the flat rate option in spite of their capacity to identify costs through an appropriate methodology.

Although progress has been made in the implementation of full costing methodologies in European universities, there are still countries where capacity building in this area will take time (in particular in EU new Member States). These institutions should nevertheless not be disadvantaged in European research and innovation projects. EU research funding programmes should therefore **continue to include the option of recovery of indirect costs through a flat rate of 60% of the direct costs**.

**Lump sum payments should not replace the recovery of all actual costs.** They can be useful in particular circumstances but should only be available on an optional basis and not be mandatory.

#### **4. Avoid complexity in the mixing of Competition and Cohesion instruments**

The "Green Paper" seeks also to explore how to achieve greater synergy between the EU research and innovation funding instruments and the Cohesion policy instruments, i.e. European Regional Structural Funds and European Social Funds (i.e. the portions of those Cohesion funds devoted to research and development objectives). The EUA believes that the potential mixing of "competition" funding instruments (FPs and CIP) with "cohesion" instruments (Structural Funds) could create more complexity and inefficiency rather than synergy with respect to implementation in Europe's universities. In this respect, EUA draws

attention to the **“Opinion of twelve European Rectors’ Conferences on the Future of European Cohesion policy”** which addresses this specific issue. A major challenge and concern for Europe’s universities in the Cohesion regions remains how to meet the co-financing requirements from sources beyond their current operational public financing in order to develop and expand their research and innovation activities. The further progress in the simplification process of the EU FP funding rules and procedures will clearly be highly relevant to be applied to cohesion policy instruments designed to foster research and innovation activities if synergy effects rather than complexity and inefficiency are to be promoted.

#### **5. The integral role of the social sciences, arts and humanities should be enhanced**

**Interdisciplinary research perspectives involving the social sciences, arts and humanities** will be essential to tackle effectively societal “grand challenges” in the areas of energy, climate change, health, sustainable cities etc. This needs to be explicitly recognised in the future development of the Common Strategic Framework for future research and innovation funding. Furthermore, the first decade of the 21<sup>st</sup> Century has demonstrated also that there are major economic, social and political changes and events (for example, most recently, the 2008 financial crisis and its ramifications, the 2011 democratic reform movements in North Africa and the Middle East) that present challenges that require focussed study, deep reflection and analysis from SSH scientific fields to strengthen Europe’s knowledge base and to help inform European Union policy development in the context of its overall “Europe 2020 Strategy” and beyond. **EUA draws attention to the valuable initiative taken by Swedish Universities in preparing a “recommendation paper” on this issue of the role of SSH disciplines.**

#### **6. Strengthen the International Dimension of EU research and innovation funding**

EUA believes strongly that Europe’s future as a dynamic competitive global region will depend largely on its ability to increase substantially the number of highly trained people within EU Member States and to attract others from abroad in project collaboration and training environments and exchanges. EU research and innovation funding instruments should be used to further support and **strengthen the European and international profile of university-based research** through project collaboration and the enhanced mobility of their academic and research staff, post-doctoral and doctoral researchers and their career development.

Europe’s universities are well-placed to play a leading role in strengthening EU strategic international collaboration efforts concerning reaching more cooperation agreements with other regions. Given their long traditions of cooperation with partnerships and exchanges rooted in historical and cultural links, **European universities’ experience could bring considerable “European added-value” to the development of future EU instruments fostering cooperation agreements between EU countries and other global regions.**

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*The **European University Association (EUA)** represents and supports **higher education institutions** with approximately 850 members in 46 countries. Members of EUA are European universities involved in teaching and research, national associations of rectors and other associations and networks active in higher education and research*

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