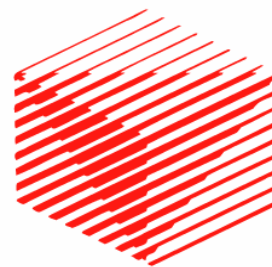


European Research Consortium  
for Informatics and Mathematics

**ERCIM**

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## Comments on simplification of the 7<sup>th</sup> FP



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## ERCIM comments on simplification of the 7<sup>th</sup> FP

In principle we welcome the proposals to simplify the programme.

### 2.1 Simplification of funding schemes.

Although ERCIM welcomes the attempt to increase the flexibility of funding schemes in principle, we are concerned that if the available schemes change for each call on each programme then there will be considerable opportunity for errors in understanding the detail for each call, so advise that changes in funding schemes are made exceptionally clear. Changes of administrative rules during the course of a project should be avoided. Small players, e.g., SMEs and university institutes, cannot share over several projects the administrative costs incurred by rule modifications. This adds to increasing the administrative costs relative to the value creation.

### 2.2 Consistent high quality communication

We welcome the reduction in number and size of communications and the introduction of a single clearing house for Commission messages, however, this will introduce further delays in the process which are already causing problems. The trade-off between timeliness and clarity of communications is always hard to make, but clear communications after the event are of no use at all, so the operation of the clearing house should be designed to incur the minimum delay.

The terms “comitology” and “cotisation” which are used in the English language version of the communication are not recognised by a sample of highly educated native English speakers as being English words. As part of the drive towards high quality communication we trust that the introduction of such neologisms, or foreign language terms, will in future include explanations, or pointers to explanations of their intended meanings in footnotes or glossaries (e.g. to <http://en.wikipedia.org/wiki/Comitology> for “comitology”).

### 2.3 Rationalisation for requests for information

The introduction of a single electronic registration desk is not seen as providing significant benefit to ERCIM members since the provision of information on CPFs in FP6 including the contract number of a previous grant issued provided a simple process to access existing records that caused few problems.

The reduction of periodic and final reporting requirements to include only information that is absolutely necessary is welcomed, since the variation in requirements for these across project officers has been considerable, and the duplication of information between multiple reports has been considerable.

In this spirit of simplification, it is requested that when projects are required to submit ‘description of work updates’ that these also be simplified to include only information that is absolutely necessary to manage future work, and not include duplication of all

the explanatory text that was stated in the original, with all the verb tenses and times corrected for actions that have already occurred.

A major concern that should be addressed is the timing of periodic and final reporting requirements, and reviews. In FP6, reviews fall 1-3 months after reports are issued, and reviewers must then review deliverables, reports, presentations, and annually new Descriptions of Work. Only once all of these have been reviewed and approved can payment be approved for the previous period, and the description of work be approved for the next period. When reviewer reports arrive with projects 3 months following reviews requesting changes to the reports, deliverables, and new description of work, upon which acceptance of costs and future work are dependent, the cycle must start again. Considerable delays are introduced into both the description of work and the payment cycle by these delays in reviewers producing reports. It would reduce such delays if reports could be produced at the time of reviews that are binding on the project in respect of approval of past expenses and future descriptions of work, rather than being produced 3 or more months later.

### **2.4 Guaranteeing the protection of the Community's financial interest.**

Changes were made to the contract in FP6 protected the Community's financial interest with respect to lead (prime or main) contractors liquidating, so that the advance payment was still owned by the Community and could be reclaimed as their assets. No such protection was extended to consortium members when the Community had made payments to the lead contractor to be distributed to other consortium members, but still held by the lead contractor at the time of liquidation. In this case the money owed to the consortium members by the Community is still included in the assets of the liquidated contractor, and the other consortium members are required to register as creditors in the hope of regaining a percentage of the funds due them. It would considerably ease the liability of consortium members if greater protection could be offered to them in these circumstances.

The EC rule of retaining 15 % of the contract until all of the checking is done is a burden for the small players. It can take several years before the money is paid, and this gap is difficult to finance both for an SME, a university institute or a research institute that depends on contract research.

### **2.5 Full operational autonomy entrusted to consortia**

ERCIM welcomes the broad autonomy and flexibility proposed, and acknowledges the consequent importance of consortium agreements to establish conditions of co-operation within consortia.

The anomalous position of international companies who participate in Community projects through one of their European affiliates whilst wishing to retain freedom of information flow and intellectual property rights between all global affiliates needs to be clarified. At present such companies may be party to consortium agreements, and require conditions to be inserted in them, which the Commission do not accept, yet that are completed and signed. The status of such agreements requires clarification.

## **2.6 Streamlining the selection process**

The proposal to streamline the selection process is welcomed.

## **2.7 Most effective use of the budget dedicated to the research policy.**

The proposal to increase flexibility in the application of the budget is welcomed.

## **2.8 Extended use of flat rate financing**

The financial procedures for Networks of Excellence and the relationship to work undertaken and payment need to be simplified and clarified considerably. At present it is very unclear to those proposing, or operating within Networks of Excellence exactly what classes of work will be funded, and which classes of effort need to be proposed or reported.

It is noted that the mechanism required for Working Groups, where payment is made from the Commission to the lead contractor, and then from the lead contractor to national nodes, and then from the national nodes to each contractor has merely introduced delays, risk of error, and liabilities on national nodes without any increase in flexibility. It is hoped that this class of extra layer of financial management will be abolished.

## **2.9. Removing the need for complex cost reporting models and clarifying definition of eligible costs**

The proposal as drafted is unclear, and open to multiple interpretations. Given that problem, ERCIM wish to make clear that many public sector research organisations pay considerable overheads to support public infrastructure which have previously been included in the cost model, and calculation of eligible costs. It would be very difficult for such organisations to continue to be involved in Commission projects if a low ceiling were placed on acceptable overhead rates when calculating the eligible cost of projects.

There are particular difficulties for small players with the additional cost model. The EC rule is that only staff explicitly hired for a project can be reimbursed. Usually only junior staff are available for being hired on such temporary job conditions. Academic staff at the Universities usually contributes a significant amount of personal effort to projects. In the additional cost model this effort is not reimbursable and thus becomes invisible. There is a logical inconsistency in that projects are awarded based on the skills of senior staff that are not supposed to work on the projects. Also permanent staff need be relieved of their normal duties in order to work on the (temporary) research projects.

There is another serious difficulty with the current additional cost model. Staff hired explicitly for temporary projects need to have a legally valid contract, which will cover vacations, illness, and pregnancy. Monthly pay is due even in case of severe and long lasting illness. With the EC's rule of only paying actually worked hours for

people explicitly hired for the project, the cost of paying for illnesses and pregnancies fall on the poor institutes who erroneously hired the “wrong” people. ERCIM would welcome a change of rules that would bring the EC (as a de facto employer of project staff) more in line with the employment laws applied in its member states.

### **2.10 Simplified support rates per type of activity**

The proposal that the Community financial contribution will cover the eligible costs of projects to public bodies is welcomed.

#### **Additional Comments**

It is requested that when the new approach is introduced careful change management is put into place. It is recalled that when the audit certificate scheme to be used in FP6 was introduced, it was trialled in the contracts of several projects funded under FP5 which had to produce final reports and certificates in 2004 to meet the requirements of those contracts, before the format required for audit certificates was published by the Commission. When the format required for certificates was published in January 2005 those projects had to pay their auditors to issue new certificates in the published formats. The publication of the format in which information is required before it is demanded by contracts would avoid such problems.

ERCIM fully understands the need for independent auditing, but suggests that this principle is applied differently depending on project size. For small project participations the auditing costs can become disproportionately high, e.g., 1000 Euro out of a 10.000 Euro project share of a NoE. The EC should be able to trust the local auditing to which every university and SME in every member country submits.

In FP6 default answers were introduced into the contract if the Commission failed to respond to some requests within set periods. It is requested that this mechanism be extended to cover a wider set of eventualities, so that delays in Commission responses do not delay project work.

There is also a need for revising VAT rules. VAT is not currently reimbursed by the EC. National tax may or may not be refunded by one's own government, while non-national taxes are not refunded. SMEs and not-for-profit organisations may find themselves forced to carry VAT out of non-project funds, while the large players usually have other options within their legal framework.