

Statement on Horizon 2020 Simplification

By the Helmholtz Association of German Research Centres e.V.

Simplification was a top priority on the agenda while the Horizon 2020 Programme was created. As participant to more than a thousand projects of the 7th Framework Programme and with a strong interest in Horizon 2020 our organisation welcomed many achievements which led to an easier and more efficient way of handling proposals and the grant preparation. But we do not only want to highlight the achievements, we also welcome Commissioner Moedas statement that simplification is an ongoing process and want to provide concrete examples where simplification was not achieved and Horizon 2020 falls behind the 7th Framework Programme.

Achievements on the way to simplification:

1. Online support features and the Participant Portal

The development of the Participant Portal into a one-stop-shop and the introduction of a one set of rules scheme were major steps on the way of simplification. Useful tools, such as the Online Manual, the Reference Document Page and the H2020 Work Programmes provide help during the proposal stage.

2. Funding rates

A main achievement of the Horizon 2020 Programme certainly is the introduction of the 100% funding rate for research and development projects regardless of categories (research, management or demonstration activities). This change meant a huge simplification for the administrative side of the project and financial project reporting. The accountability of costs under a single funding rate fosters an easier administration and makes financial planning for budgets more predictable. We believe that the 100% funding rate will also show its merits during audits.

3. Partial simplification of time records

Due to the above-mentioned single funding rate per project Horizon 2020 time sheets no longer need a differentiation of activities (research, management or demonstration activities). Moreover, the recording of activities for other projects is no longer mandatory. This facilitates administration, especially regarding the accounting of personnel costs.

4. 25% flat rate for indirect costs

The 25% flat rate on direct costs for indirect costs simplifies project accounting. Even if the flat rate is not high enough to cover all indirect costs, we appreciate that it facilitates administrative procedures.

Setbacks and need for improvement:

1. Internally invoiced costs regulation

Recent changes in the rules require laboratory staff to precisely record how much time is spent feeding each separate mouse, ask genome analysts to record their work by the minute and are thus adding massive administrative burden on EU projects. Core facilities of research institutions often offer internal services which are subject to an internal cost allocation. In the 7th Framework Programme these internal invoiced costs could be charged as other direct costs if they were auditable. The Annotated Grant Agreement in Horizon 2020 (Art.6.2.D.3) now demands a split-up of internal invoices according to the costs categories and time records concerning service costs. This new administrative burden will have a negative impact on the quality of EU projects, costs and the research environment as a whole. If the costs of a facility cannot be charged in EU projects it will not be possible to use it for EU projects. The only other option participants have is to outsource such services to companies which would charge a profit margin, which would necessarily increase costs.

There are several possibilities to solve this problem. There could be a new cost category “subcontracts and internally invoiced costs” or a solution similar to the 7th Framework Programme. All solutions provide the possibility of reimbursement of cost packages without further splitting into different costs categories and without the need for time records for services. Here, simplification is a necessity. See also our opinion paper concerning internally invoiced costs ([link](#)).

2. Eligibility of actual costs instead of “last closed financial year rule”

The Horizon 2020 Grant Agreement introduced a new rule (Art.6.2.A) concerning the eligibility of personnel costs. This new rule stipulates that actual personnel costs are not eligible anymore. Instead, assumed costs based on an hourly rate calculated with salaries of the last closed financial or fiscal year are eligible. This rule contradicts the principle of accountancy and eligibility of actual costs. Because of labour agreements salaries often rise significantly after the first year of employment. This leads to major differences between the actual hourly rate and the “old” hourly rate of the last closed financial year. Without an exception to this rule, beneficiaries have to pay higher salaries without getting reimbursed by the European Commission. Therefore we promote to introduce an option to this rule, allowing beneficiaries to calculate the hourly rate on the basis of the actual monthly salaries payed in the respective reporting period.

3. Oversubscription

With its low success rates for project proposals Horizon 2020 risks losing the participation of the most excellent scientists and most innovative Industries, who have no reason to invest time in calls with a 5% success rate. The European Union needs to introduce, for the majority of the over-subscribed calls, 2-stage evaluations for collaborative research and a success rate of at least 1:3 for the second stage, if it wants to attract excellent scientists and industry participants. Both groups have to take into account the return on the significant investment of proposal preparation before deciding to apply to a funding programme.

4. Grant Agreement Simplification

Both the Grant Agreement and the Annotated Grant Agreement are not easily accessible for non-juridical persons. The Annotated Grant Agreement is too long and complex. Especially the more than 70 pages of Art.6 AGA need a more detailed breakdown and table of content.

5. Collaborative fundamental research

Impact-driven research funding and high Technology Readiness Levels for projects in Horizon 2020 pave the way to less innovation. To foster the ERC to be a catch basin for basic research is not good enough. The European Union needs to focus again on the whole innovation chain, from fundamental to product-driven research. This requires more collaborative research projects with less prescriptive TRL targets.

6. Partial obstacles for time records

Horizon 2020 did not only simplify time records. It also introduced new requirements, which increase the administrative effort and hardly have any benefits. In Horizon 2020 personnel time records do not only have to describe hours spend per month per work package. As new requirement each staff member has to describe his or her activities carried out in each month. Introducing an ineffective additional reporting obligation for the supervision of personnel activities is for sure no simplification.

Moreover, we would like to highlight a contradiction in requirements. Instead of filling in time records, fulltime employees can sign a declaration. The declaration of fulltime employees does not include a description of the time spend on work packages. We therefore argue that it should be possible to abolish the reference to work packages in time sheets altogether.

7. Improvement of Guarantee Funds interventions

The protection by the Guarantee Fund for on-going and closed actions offers further scope for improvement. The Guarantee Fund should pay in case one project partner has received more money than he claimed in his Form C, but does not reimburse the money to the consortium or coordinator. So far the European Commission claims that this money is not due to the European Union, therefore the Guarantee Fund does not intervene. However, this money was received to fund project tasks and therefore it should be in the interest of the European Union that it is used accordingly. According to the current regulation the consortium or coordinator is bearing the risks of losing part of the budget to an irresponsible beneficiary. Protection should be granted, coordinators need it.

Brief portrait of the Helmholtz Association

The Helmholtz Association brings together 18 scientific-technical and biological-medical research centres. It contributes to solving major challenges facing society, science and the economy with top scientific achievements in six research fields: Energy; Earth and Environment; Health; Key Technologies; Matter; and Aeronautics, Space and Transport. With some 38,000 employees and an annual budget of approximately €4 billion, the Helmholtz Association is Germany's largest scientific organisation.

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