

## **EUA Statement on FP7 Rules of Participation proposals for support rates and cost models**

The European University Association (EUA) approaches this issue from the starting position of its Glasgow Declaration resulting from the Third Convention of Higher Education Institutions (April 2005) which identified the conditions for sustaining Europe's Universities as "Strong Universities for a Strong Europe". On funding needs for strong institutions, it states that:

"Universities are working to diversify their funding streams. They are committed to exploring combined public/private funding models and to launching a structural and evidence-based discussion within EUA and its stakeholders. They will develop full economic cost models and call on Governments to allocate funds accordingly".

Universities recognise, therefore, their responsibility to address fully the definition and content of "full economic research costs" in relation to the differing circumstances at the national and regional level governing the financial support for university infrastructure and running costs, and to develop their accounting systems accordingly. For its part, the European Commission should also recognize that it has a key role to play in building-up university research infrastructure (both through direct and indirect research costs funding) to enable them to participate fully in achieving the European Research Area. EUA has welcomed, therefore, the European Commission's commitment to the principle of the reimbursement of both direct and indirect eligible research costs in its proposal for the FP7 Rules of Participation.

EU Research Framework Programmes remain a central and important source of external research funding for universities that has had a major positive impact in fostering collaborative research across universities, research institutions, business enterprises, non-government organizations, user groups and other societal stakeholders. EUA has welcomed the opportunity, therefore, to be involved in the "Sounding Board" established by the European Commission Research Directorate which has been concerned to bring forward proposals for the "Simplification" of application, evaluation and contract procedures and the rules of participation. EUA has supported the many improvements that have been proposed to these procedures that seek to reduce administrative burdens on universities and SMEs.

On the issue of project costs re-imburement, however, EUA has indicated through the submissions of its views to the "Sounding Board" that the proposed elimination of the cost reporting models used under FP6 would cause concern for many universities who had adjusted their accounting practices to those models and were used to them. In particular, those many universities that presently opt for the "additional costs model" hold serious reservations that the level of research cost re-imburement to be offered under the proposals for FP7 Rules of Participation will not match that achieved under FP6.

**EUA believes that there is a strong case for a "transition phase" in which universities have sufficient time to develop further their accounting systems to be able to operate fully within the proposed FP7 eligible research costs model. The most critical issue will be the level of the flat rate for indirect research costs re-imburement in the case of those universities that are not yet able to identify fully such costs. Without such a transition period, there is a real danger that university participation will decline in FP7. The "transition phase" should take the following preferred form:**

- the fixing of the flat rate payment (on research and development activities for public bodies and higher education institutions) for indirect research costs at 60% of total direct costs.**

**Such a transition phase should be offered as an incentive to universities to develop their accounting systems to be able to operate on full eligible cost principles by the end of FP7.**

EUA is willing to present working models based on FP project experience from several EU countries to demonstrate that the above proposal would ensure an equitable and fair transition phase for universities while at the same time providing them with incentives to identify their full costs. EUA welcomes further dialogue on this issue and, in doing so, is concerned particularly to foster the enhanced participation in FP7 of EU New Member States universities who have not had extensive experience of FP cost re-imburement models and whose local conditions in terms of employment regulations and indirect research costs support differ from Western European EU States.

EUA, 30 March 2006