

EARTO Answer to the EC Consultation on Horizon Europe Implementation Aspects

23 September 2019

EARTO is fully committed to further support the elaboration and implementation of what needs to be recognised as one of the key European policies of the future: the Horizon Europe Programme. Actively involved in the co-creation process, EARTO has already put forward a [key set of recommendations](#) to serve as input to Horizon Europe's Strategic Planning. EARTO members very much appreciate the efforts of the EU Institutions to preserve continuity in the Framework Programme's rules for participation, while further improving simplification and efficiency.

As input to the European Commission's consultation on Horizon Europe Implementation Strategy, EARTO hereby presents its views on the topics covered. EARTO members especially calls on the European Institutions to:

- **Preserve continuity with the Horizon 2020 approach based on hourly rates for the reimbursement of personnel costs.** Basing the calculation of personnel costs on daily rates would be a major change that would not reflect the reality of many beneficiaries: it would not bring the simplification intended, leading to increased workloads ([see 3.2](#)).
- **Enable the allocation of direct technical costs to projects using unit costs via allocation keys based on the usual cost accounting practices of the beneficiary.** This would enable to better reflect the real costs of the beneficiaries, in particular for the use of technology infrastructures ([see 3.2](#)).
- **Improve measures for ex-ante assurance by relying on System & Process Audits performed by national qualified auditors.** This would enable to lower the ex-post audit burden and improve legal certainty, especially for the use of Usual Costs Accounting Practices ([see 6.3](#)).
- **Evaluate and analyse the financial and operational impact of the lump-sum approach on Horizon 2020 projects prior to any extension of such approach.** EARTO members' returns on experience on the H2020 lump-sum pilots are not conclusive so far: many issues have been encountered ([see 7.1](#)).
- **Foster a balanced approach between Open Science and Intellectual Property (IP)'s policies.** IP's crucial role in innovation and in fostering knowledge co-creation needs to be further recognised. The policy focus should be on the optimum use of research data, following the principle "*as open as possible, as closed as necessary*" ([see 5.5](#)).

Detailed EARTO recommendations in this paper follow the topics covered in the European Commission's consultation:

1. [Work Programme](#)
2. [Submission and Evaluation](#)
3. [Model Grant Agreement](#)
4. [Dissemination and Exploitation](#)
5. [Data and Reporting](#)
6. [Control Strategy](#)
7. [Extended Use of Simplified Forms of Costs](#)
8. [Outreach](#)
9. [Digital Transformation](#)
10. [European Partnerships](#)
11. [Synergies](#)
12. [General Input](#)

EARTO and its experts remain of course ready to further discuss these recommendations with the European Institutions' representatives.

EC Consultation Question	EARTO Input/Feedback
1. Work Programme – (see page 7 of EC accompanying document)	
1.1 Work Programme	<p>See EARTO Paper "<i>Towards HEU: EARTO Feedback on H2020 Implementation</i>" - 30 April 2019</p> <ul style="list-style-type: none"> • Continuity with Horizon 2020 is very much appreciated, with multiannual and user-friendly work programmes which enable the excellent proposals to achieve the targeted scientific, technological, economic and societal impact. • Multiannual topics should also endeavour, where relevant, to provide sequencing that encourages later projects to directly build on the results of earlier projects in the same or related topic, while avoiding closed clubs' effects.
1.2 For the 'Global Challenges and European Industrial Competitiveness' pillar.	<p>See EARTO Paper "<i>Towards HEU: EARTO Feedback on H2020 Implementation</i>" - 30 April 2019</p> <ul style="list-style-type: none"> • The calls for proposals should be aligned and specifically target the type of projects/actions called for (Research & Innovation Actions (RIA) or Innovation Actions (IA)). This should not be felt to the applicant's appreciation. • The EC shall keep the flexibility to call for both large and small projects, targeted to the results expected (e.g. smaller and more targeted projects enable faster action). • The indication of the TRL is useful in H2020 and should be continued in Horizon Europe. It provides important information to set the starting point of the project and the expected results. TRLs could be used in further developing the evaluation framework to assess targeted outcomes and impacts. • A clearer description of the targeted short-term outcome and long-term impact would be welcomed and would enable to lower uncertainty for applicants. However, the pathways to achieve such outcome and impact should be kept as flexible as possible to leave room for original approaches and increase innovation potential.
2. Submission and Evaluation – (see page 9 of EC accompanying document)	
2.1 Submission	<p>See EARTO Paper "<i>Towards HEU: EARTO Feedback on H2020 Implementation</i>" - 30 April 2019 See EARTO Analysis of <i>EC first partial draft Horizon Europe Model Grant Agreement</i> - 10 July 2019</p> <p>Two-stages proposals:</p> <ul style="list-style-type: none"> • The proposal to reduce the requirements/evaluation aspects during the first stage is welcomed. This would ensure that the success rate of the second-stage proposals is significantly higher than in the single-stage calls and reduce the time-to grant for 2 stages proposals. • Depending on the call, and especially for small and medium scale projects, the first stage should be reduced to describing the concept, the approach, the key partners, the indicative budget and the ideas for the impact. For larger scale complex multidisciplinary proposals, care needs to be taken to make sure that the consortium will have the possibility to show its full capabilities already in the first stage. • The EC should abolish 'substantial change' rule for second stage proposals (or at least define a low threshold). <p>Proposal Template:</p> <ul style="list-style-type: none"> • Reducing the maximum length of the proposal could bring simplification. However, it needs to be adapted to the calls and project size and length in time: for large projects and consortia with intertwined work packages, the current length is already quite limiting. • Proposal template simplification possibilities could include: minimising the required "double-posting" of information (e.g. ethics) and, when appropriate, a stronger reliance on structured forms. An editable proposal template (e.g. word-format) at call level (not only at submission registration level) could be provided, without the necessity to login the F&T Portal. <p>Feedback to applicants</p> <ul style="list-style-type: none"> • More detailed and quality feedback should be given on an individual basis in the ESR to the consortia which were not successful. The publication of a list of the projects (with a short summary) selected for funding would increase the transparency on the evaluation's results.
2.2 Evaluation	<p>See EARTO Paper "<i>Towards HEU: EARTO Feedback on H2020 Implementation</i>" - 30 April 2019 See EARTO Analysis of <i>EC first partial draft Horizon Europe Model Grant Agreement</i> - 10 July 2019</p> <p>Evaluation criteria:</p> <ul style="list-style-type: none"> • The preparation of a proposal is a significant investment so the success criteria (primary and secondary) must be fully transparent. Any secondary criteria need to be mentioned in the call for proposals to enable applicants to better assess their chances of success before applying. • Proposals should continue to be primarily ranked according to their evaluation score. A secondary ranking based on their contribution to specific policy objectives or other aspects (e.g. gender, etc.) shall be done transparently. Secondary ranking requirements should be clearly described in the call for proposals (e.g. in the expected impact section) to allow the applicants to decide if they can meet such criteria. <p>Project management structures:</p> <ul style="list-style-type: none"> • Taking the management structure into account for the evaluation is not essential. The use of "off-the-shelf" models for management structures and procedures could bring simplification in some

	<p>cases. However, the flexibility to adapt the management structure for a specific project should remain in Horizon Europe whenever appropriate.</p> <p>Blind first stage</p> <ul style="list-style-type: none"> Blind first stage would hamper the possibility for a consortium to show its full capabilities and excellence. However, ensuring the independence of external evaluators and preventing any conflicts of interest is essential. <p>Random component:</p> <ul style="list-style-type: none"> Introducing random components would not help in carrying out quality-based, objective/impartial, and transparent evaluations. An expert panel should be able to come to a qualified funding decision without a randomised component, even when confronted with "ex-aequos". <p>Interaction with applicants:</p> <ul style="list-style-type: none"> Increased interaction with applicants could ensure a fairer evaluation procedure. However, the evaluation process should remain fully transparent and the equality of opportunities for all participants preserved. Hearings should only be used for the most highly ranked proposals, for time and cost efficiency. The possibility for applicants to react before the final decision may be interesting. However, this should not bring the re-introduction of budget negotiations like in FP7 nor lead to an increase of the time-to-grant.
2.4. Missions	<p>See EARTO Analysis of <i>EC first partial draft Horizon Europe Model Grant Agreement</i> - 10 July 2019</p> <ul style="list-style-type: none"> The excellence, impact and quality and efficiency of the implementation (in the respective research field(s)), should remain the primary criteria. The contribution to a consistent portfolio should remain a secondary criteria limited to missions, and be evaluated transparently and consistently.
3. Model Grant Agreement – (see page 12 of EC accompanying document)	
3.1 Same standard MGA for all EU programmes	<ul style="list-style-type: none"> EARTO welcomes the efforts undertaken to improve the synergies and harmonise the rules between EU funded programmes for the Post-2020 period. This can bring significant simplification for beneficiaries, including enabling better cross-reliance on audits.
3.2 Which provisions in the current Horizon 2020 Model Grant Agreement should be revised?	<p>See EARTO Recommendations on <i>HEU Implementation: Financial Aspects</i> - 30 April 2019</p> <p>See EARTO Analysis of <i>EC first partial draft Horizon Europe Model Grant Agreement</i> - 10 July 2019</p> <p>See EARTO Paper "<i>Towards HEU: EARTO Feedback on H2020 Implementation</i>" - 30 April 2019</p> <p>On personnel costs:</p> <ul style="list-style-type: none"> Further simplification of the reimbursement of personnel cost, on the basis of the approach developed within Horizon 2020, which has already led to a reduction of the error rate, is very much welcomed. However, the calculation of personnel costs on daily rates instead of hourly rate would be a major change that would not reflect the reality of many FP beneficiaries. It would therefore not bring the simplification intended, leading to increased workloads. RTOs have a sophisticated accounting system in place including time recording systems which are an integral part of the management control of the organisation. The accounting system and time recording systems are used and necessary (e.g. for national funds and auditing purposes, abiding by EU state aid rules). Daily rate is not available in this accounting system, and therefore not a cost driver, whereas working hour is the main driver. For the option of "fixed number of working days/hours per year", the fixed number should be discussed and based on realistic EU average calculations of the number of standard working hours in the different EU countries. For example, based on OECD data for 2018¹, the actual average annual number of working hours for European countries is close to 1600 hours (range between 1363 hours in Germany and 1956 hours in Greece), which is already more realistic than the 1720 hours used in H2020. Nevertheless, beneficiaries in different countries have to take into account the employment contracts and the general collective agreements which is reflected in their usual cost accounting practices. The option of using average personnel costs (unit costs in accordance with the usual cost accounting practices of the beneficiaries) should be maintained in Horizon Europe. The calculation base for the annual personnel costs, including number of productive hours, needs to be set in accordance with the usual cost accounting practices of the beneficiaries. Further clarification should be brought in the Annotated Model Grant Agreement, including the general eligibility conditions for unit costs, fluctuation margin within which salaries must be in order to form an average rate, criteria to adjust actual personnel costs with budgeted or estimated elements. Some H2020 burdensome additional processes could also be simplified, e.g. the bonus system/additional remuneration, the timesheet requirements (level of details required, signature process). Auditors could also put in place an internal cross reliance on personnel costs with previous FP audit for the same beneficiary. <p>On Internal Invoices and Unit Costs</p> <ul style="list-style-type: none"> EARTO members very much welcome the acceptance of usual cost accounting practices in Horizon Europe. This would in particular enable to cover the costs for infrastructures (equipment and

¹ OECD data, 2018, <https://stats.oecd.org/Index.aspx?DataSetCode=ANHRS>

platforms), allowing methodologies equivalent to the ones used within H2020 Large Research Infrastructure (LRI) scheme as they are part of the beneficiaries' usual cost accounting practices.

- Internal Invoices should cover both the costs for goods and services directly purchased for the action, as well as those bought upfront by the beneficiary and directly allocated or used for the action in a second stage, according to the usual cost accounting practices of the beneficiary, using fair allocation methods. Beneficiaries' usual cost accounting practices are often based on averages calculated using historical data (e.g. costs of the last three years), or technical costs measured by allocation keys (e.g. quantity, working hour or unit). Therefore, the MGA should foresee these possibilities.
- To improve implementation, further guidance would be needed in the Annotated Model Grant Agreement on the general eligibility conditions for the use of unit costs and the criteria to adjust actual costs with budgeted or estimated elements, including on how internally invoiced goods and services' costs will be audited. Useful examples on how the method could be implemented would also be very much welcomed to ensure sound implementation of this rule and avoid errors and misunderstandings.
- With regards to internal invoiced goods and services, a clarification is needed to enable and distinguish between the two following cases of personnel costs: (1) the costs of personnel who are fully dedicated to a process (e.g. operators' workforce for animal housing, cleanrooms, laboratories, etc.) do not need timesheets and can be included in the unit costs according to the usual cost accounting practices of the beneficiary (without special personnel costs calculation according to Horizon Europe's personnel costs accounting rules), and (2) the costs of personnel who directly take part in a project can be used as cost driver for the calculation of unit costs for infrastructure by using working hours (hourly rate, €/hour) according to the usual cost accounting practices of the beneficiary, for which timesheets are needed.

On Equipment Costs Provisions

- EARTO members very much appreciate the continuity with H2020 and reference to the usual costs accounting practices of the beneficiaries. The 3 options proposed for Horizon Europe would offer the necessary flexibility.
- In Option 2, the mention of "full capitalised costs" is welcomed. It would include costs incurred in the purchase but also for the development of the equipment, infrastructure or other assets, including the building costs of a prototype. Not all components of a prototype can be listed in a proposal, which is why flexibility and eligibility of costs should also be included.
- Some clarification would be welcome in the Annotated Model Grant Agreement on: how such costs can be claimed if the infrastructure is used for more than one project, how this would work for Lump-sum funded projects, or how this will take into account the usual cost accounting practices of the beneficiaries and national laws with regards to the depreciation period taken into account.

Termination and suspension provisions

- Before terminating a project, all alternatives should be considered. The EIC should be the only instrument in which projects can be terminated due to economic reasons.
- Missions will be set up to achieve grand challenges and therefore need a long-term perspective. To attract the best researchers and industry in Europe, they need to provide the necessary components, including limiting the funding uncertainty once the project has been approved.

Subcontracting & Procurement:

- Subcontracting versus purchase of services: A clear differentiation has been made between subcontracting and the purchase of services for activities non-related to the action tasks of the project. However, different interpretations exist between the different auditing services that bring discrepancies.
- Procurement: The diversity of national procurement regulation and/or usual beneficiaries' procurement regulations accepted by the national authorities needs to be taken into account (e.g. no tendering documentation necessary, if being below a threshold).
- The requirement of the following regulation is difficult to implement within RTOs and requires guidance from the Commission services: "the beneficiaries must ensure that EC, ECA and OLAF can exercise their rights under Articles 22 and 23 also towards their contractors".

Cascade funding and sub-granting:

- A specific article should be included to foster the use of the cascade funding scheme, which is key to support SME's access to the FP. However, this should be done with some improvements. The current rules for cascade funding and sub-granting are too complex. This in turn creates additional efforts and risks for coordinating beneficiaries (cash flow issues, liability, documentation efforts). For instance, the interpretation of the financial support to third parties (article 15) is not always clearly understood (e.g. the distribution of the EU funding is based on the agreement between third parties and the beneficiary, and the costs of the third parties remain in most cases in third parties' bookkeeping). Cascade funding should be lump-sum based in order to lower the administrative burden for the beneficiaries, third parties, and auditors.

Guarantee fund:

- The cases in which a guarantee fund may intervene or not shall be made clearer and standardised.

Blended Finance:

- Blended finance schemes need to be limited to the parts of the programme that are strictly targeting specific types of beneficiaries ("for profit beneficiaries": legal entity qualifying as a company, incl. startup, an SME or as a mid-cap), where not-for-profit research organisations

	<p>cannot be expected to be involved in. This should be limited to the EIC Accelerator and cannot be extended to the rest of the programme.</p> <p>Pre-Commercial Procurement:</p> <ul style="list-style-type: none"> The separation of EU public procurement of R&I into 2 distinct phases (one for the RD&I activities, and one for the manufacturing) is the main reason why such instrument remains underused in Europe compared to other parts of the world, in particular in the US. Having only one call for tender for both phases would provide additional incentives for companies to take part in the RD&I phase since they are assured to get an opportunity to recover part of their RD&I investment in the commercialisation phase by bringing their innovation to the market. It would also provide additional incentives for RTOs to take part in the RDI phase in partnership with the companies as this one-phase process would be more aligned with their IPR policies (read more here and here). Improved pre-commercial procurement rules would already be feasible by removing the restrictive clause stating that <i>"the public procurer can impose on the suppliers to concede non-exclusive licences to all third parties that would request it"</i>, as it is already the case quite successfully in some EU countries (see EC-commissioned PWC study on "Benchmarking of national innovation procurement policy frameworks across Europe"). Besides, this would significantly contribute to simplify the PCP projects within Horizon Europe and boost the attractiveness of such instrument, which had difficulties to develop within previous EU FPs. <p>IPR clauses and royalty-free option:</p> <ul style="list-style-type: none"> Simplifying the IPR clauses and options would be an important improvement to encourage not-for-profit organisations to protect and efficiently disseminate their results through licensing. The royalty free option should be removed, both for the access to not-for-profit research organisations' research results and for the access of the background needed to commercially exploit those results (royalty earnings are one of the only possible measurements of the real exploitation of the results). In case of joint ownership between a not-for-profit research organisation and a private company, a financial compensation must be paid by the directly exploiting party to the indirectly exploiting party.
<p>3.3. Should the MGA contain a data sheet with key information?</p>	<ul style="list-style-type: none"> A summary of the key fact and figures of the Model Grant Agreement (MGA) would improve the user-friendliness of the MGA. No contradiction between the data sheet and the MGA should be allowed, and in any case the information given in the MGA should prevail. Re-arranging the MGA sections and regrouping the related provisions could indeed improve its user-friendliness.
<p>3.4. How to improve the clarity of the Annotated Model Grant Agreement (AGA) for Horizon Europe?</p>	<ul style="list-style-type: none"> The Annotated Model Grant Agreement (AGA) does help beneficiaries navigate the rules, however its workability could be improved (simplified, shortened, improved navigability via an electronic version, FAQ list with links to respective articles). The AGA is constantly evolving, making it a challenge for beneficiaries to keep track of the changes. To improve clarity, notifications of any changes made to the AGA should be automatic (e.g. F&T portal and sent to contacts, at least via LEARs and AcAd), and the dates and summary of changes of planned publication of updates could be published and communicated in advance (e.g. F&T portal and via LEARs). The AGA is not legally binding for the Commission. However, auditors stick to examples of the AGA as if there are the rules rather than only examples. This does not give the necessary space to take into consideration the usual accounting practices of the beneficiaries. Therefore, it must be made clear that deviations and additional cases to those examples are not as such automatically contrary to the AGA rules.
<p>4. Dissemination and Exploitation – (see page 15 of EC accompanying document)</p>	
<p>4.1 Improving the dissemination and exploitation of projects results</p>	<p>See EARTO Paper "Towards HEU: EARTO Feedback on H2020 Implementation" - 30 April 2019</p> <ul style="list-style-type: none"> For the sake of an efficient dissemination, related projects (under similar topics and research fields) could interact with each other in a clustered way. Together, industry-oriented or public-oriented workshops could be arranged to disseminate the research results to the relevant target groups in order to increase the impact and follow-up actions. Exploitation by a third party should only be possible upon agreement by the beneficiaries generating results, along the lines of H2020 provisions. For practical reasons, all joint legal obligations and governance structures need to end by the end of the project. The grant agreement needs to set a short time limit, and in any case under a year, for the dissemination and exploitation plan to be updated after the project ends. Also, these costs should be budgeted in the project and funded. The removal of the royalty free options would also encourage research organisations to better protect their results, in particular through patents (see 3.2). Indeed, given the efforts and costs incurred by patent filings and long-term maintenance of patents, royalty free options could demotivate research organisations to file patents, which would in turn weaken the potential for commercial exploitation of results.
<p>4.2. How can beneficiaries' understanding around Dissemination &</p>	<ul style="list-style-type: none"> Dissemination & Exploitation (D&E) should be maintained as subject in the proposal evaluation. The added value of pre-filling parts of the proposal is not so clear. Each beneficiary might have some "standard" D&E elements in each proposal which still need to be adapted to each specific project (e.g. type of activity, audience of D&E activity, etc.).

Exploitation be improved?	<ul style="list-style-type: none"> Beneficiaries and evaluators would both benefit from good guidelines providing examples and best practices from former successful projects with excellent D&E implementation (always respecting confidentiality).
4.3 How could the European Commission incentivise beneficiaries to report on dissemination and exploitation after the end of the project?	<p>See EARTO Analysis of "Horizon Europe Regulation: Establishing Horizon Europe and its Rules for Participation" - 25 June 2018</p> <ul style="list-style-type: none"> The dissemination and exploitation of research results should indeed be incentivised, however the prerogative of exploiting or using research results should always lie with their owner(s). This links to the concept of "open innovation and "value capture", under conditions that enable each partner of the collaboration to capture a share of the economic value created in common, as part of a business and exploitation plan and a roadmap clearly defined. This is usually attained by licensing research results to industry, against a fee (or royalties) that is proportional to their contribution to the project and to the commercial use made of such results. This is why removing the royalty-free option would be an important improvement to encourage not-for-profit organisations to protect and efficiently disseminate their results through licencing (see 3.2) Open science rules need to be balanced to ensure efficient collaboration and co-creation of knowledge, preserving scientific freedom, IPR, technology transfer, and stakeholders' legitimate interests. Not all research results can be made publicly available. The necessary safeguards must be applied. The period to "judge" the exploitation cannot be provided in the grant agreement but should be linked to exploitation and dissemination plan that can be updated. In any case, judgement is facilitated by the royalty fees earned. In the absence of royalties (when royalty free options would be chosen) judgement is not measurable. The use of an online platform shall be decided by the beneficiary so as not to prevent technology transfer. An evaluation of such platform should be carried out at the latest at the Horizon Europe mid-term review on the use and impact of the platform. The possibility of adding new obligations in the work programmes with respects to Dissemination & Exploitation obligations would deny legal certainty.
4.4. How could we strengthen the feedback to policy making, based on R&I results?	<ul style="list-style-type: none"> Making this process more demand-driven would boost the implementation of policy-relevant research results into new policies. Policy makers could approach projects more actively depending on their needs. For instance, at national level NCPs could function as a link to connect policy makers and researchers, at EU level project consortia could collaborate with members of the Scientific Advisory Council (SAM).
5. Data and Reporting – (see page 19 of EC accompanying document)	
5.1&2 Improvement of H2020 reporting templates and guidance	<p>Financial reporting</p> <ul style="list-style-type: none"> Further harmonisation of the reporting requirements, systems and templates across the different instruments (e.g. EIT/KIC, cPPPs, JTIs), including a standardised level of details required, would constitute a considerable improvement. Such harmonisation of the reporting requirements also needs to take into account the protection of personal data and comply with the GDPR rules by anonymisation of all personal data for technical and financial reporting. Delivering personal data like names of personnel or salary and travel details should strictly follow the need-to-know principle and should only be accessible to auditors during on the spot audits. Access to the financial statement prior to the start of the period could contribute to improve the reporting and help the coordinators to guide beneficiaries. Financial reporting should not be including categories not used by the beneficiary in the Grant Agreement's budget (e.g. c1. SME owners). A printout/download function for financial reports' inserted data should be made possible prior to submission, as they have to be sent to the financial auditor (marked as "draft" if not signed yet). Adding export functions to easily export data from financial statements to Excel spreadsheets would also help for further data modelling and analysis. <p>Technical reporting</p> <ul style="list-style-type: none"> Overall project reporting requirements are high and time-consuming, with for some parts a lack of clarity as to the usefulness and re-usability of the reporting requirements. Digitalised forms/questionnaires focussed on the key re-usable information would be an improvement. Projects could be encouraged to provide one public annual report per year which highlights key impact, and a more thorough document which can be kept as confidential for the respective agency and reviewers. It could be useful to work with two sets of indicators: (1) a common set of key indicators defined by the EC for the specific call for proposal (different for IA and RIA projects, and adapted to TRL level), to be complemented by (2) an extra set of indicators specific to the project (maybe proposed in the proposal and agreed during the evaluation process).
5.3&4 Dashboard	<ul style="list-style-type: none"> The H2020 dashboard is a useful tool. It could be improved by enlarging data possibilities: a data interface with exportation possibilities would be helpful for beneficiaries to further use and analyse the data (e.g. list of all project collaborations between two entities in a table with exportable format and not only through a world map).

<p>5.5. EC proposes to create a central EU R&I data hub on data from the EU R&I investments made at EU, national, regional and local levels. Do you consider this could support the definition of R&I policies in Europe at local, regional, national and European levels?</p>	<p>See EARTO Analysis of "Horizon Europe Regulation: Establishing Horizon Europe and its Rules for Participation" - 25 June 2018</p> <ul style="list-style-type: none"> • EU policy makers should take great care to balance the envisaged benefits from "openness" for society at large against the proven needs of the existing technology marketplace, the latter requiring a clear competitive edge as well as clear return on its investments in innovation activities, where collaborative research plays a crucial role. • The concept of "Open Science" is often associated with "free of charge access for all", thereby sacrificing the crucial element of shared Value Capture required for Open Innovation. In a balanced approach to "Open Science", the emphasis should therefore be on the availability and wide dissemination of technology rather than on the absence of pricing. • The long-standing experience of RTOs shows that industry is usually only willing to invest in R&D leading to a competitive edge over entities that have chosen not to invest. This requires a protection by IPR of certain results. Where this concerns "Open Data", the focus should be on optimum use of research data, which should be looked at in terms of an optimal allocation of the costs and benefits of the research effort, thereby attaining a maximum societal impact of the public research funding spent. • Research data should be "Open" where reasonably possible and "Restricted" where reasonably required. With regards to data sharing, relevant privacy and security interests, as well as IPR, confidentiality, global economic competitiveness and other legitimate interests, need to be addressed. An unbalanced European Open Science policy not taking into account this recommendation will be working against any effective European Open Innovation policy, with the potential to boost European competitiveness and growth. • The European Open Science Cloud not being operational yet, only incentives should be given.
<p>5.6. What additional orientations would you suggest for maximising the value and use of data from EU R&I programmes?</p>	<ul style="list-style-type: none"> • With regards to open science and data sharing, Horizon Europe needs to remain aligned with the principle of R&I data being "as open as possible and as closed as necessary", with mention of the relevant safeguards including "concerns related to Intellectual Property Rights, personal data protection and confidentiality, security and legitimate commercial interests, global EU competitiveness". • Researchers should be made aware of these requirements and should be enabled to fulfill them on the basis of a proper data management plan. This requires training on several topic (e.g. IPR, standardised meta-data, FAIR principles, etc.) which needs to take place within FP beneficiaries, ideally with financial support of the funder.
<p>6. Control Strategy – (see page 22 of EC accompanying document)</p>	
<p>6.1&2 Ex-ante</p>	<p>See EARTO Paper "Towards HEU: EARTO Feedback on H2020 Implementation" - 30 April 2019</p> <p>Ex-ante audits:</p> <ul style="list-style-type: none"> • We support an ex-ante risk-based approach as is already the case in H2020 but the outcome is unknown to the beneficiary. Increased transparency on this approach is needed for beneficiaries to manage their risk-profile. • "Real" ex-ante assessment for specific schemes (e.g. unit costs). <p>Certificates of Financial Statement (CFS):</p> <ul style="list-style-type: none"> • The number of Certificate of Financial Statement (CFSs) and number and complexity of audit procedures should be reduced. The amount of funding triggering a CFS could for instance be significantly increased (e.g. €500k). • CFSs today require less standard information, which is a good development. However, it gives rise to more additional requests after their submission requiring complementary information, which in turn often bring delays in payments. • For further simplification, the pre-completed CFSs templates could be made available online for each project (incl. project name, number, name of agency, etc.). • In addition, to enhance reliability on first level audits, external auditors and public officers shall be offered special training on FP regulations by the EC or NCPs issuing a dedicated FP certificate (to prove an appropriate FP audit competence).
<p>6.3-6.4-6.5 Ex-Post Audits & System & Process Audit (SPA)</p>	<p>See EARTO Recommendations on HEU Implementation: Financial Aspects - 30 April 2019</p> <p>See EARTO Paper "Towards HEU: EARTO Feedback on H2020 Implementation" - 30 April 2019</p> <ul style="list-style-type: none"> • EARTO members particularly appreciate the implementation of a balanced approach between trust and control with regards to the audits and control system. <p>System & Process Audit</p> <ul style="list-style-type: none"> • EARTO Members very much support this system and process audit approach coupled with an audit of transaction, which is becoming necessary in a situation of rapid digitalisation (incl. of the audit processes). This would give the possibility for certain types of beneficiaries to benefit from an improved ex-ante assurance and legal certainty, for instance on the use of Usual Costs Accounting Practices. • The EC should rely on System & Process Audits performed by a National qualified competent independent auditor (ex-ante) complemented by an ex-post audit, decided upon by the financing body, in order to establish the eligibility of costs (ex-post).

	<ul style="list-style-type: none"> • The System & Process Audits should be valid until the beneficiary announces a change in methodology. It should fully cover all the Horizon Europe projects. • Having a System & Process Audit (SPA) should be recognised in the ex-ante risk profile of the beneficiary by possibly reducing future audits and number of procedures to be carried out. • In order to avoid the possible lack of homogeneity of systems and processes inside the same organisation, a modular SPA for specific parts of the accounting system should be implemented. If one or more SPAs are positively assessed, it could lead to less audit & reporting procedures for the corresponding cost category. • To ensure legal certainty and ex-ante assurance, the work performed within the System and Process Audit should not be re-audited in ex-post audits. • System and Process Audits should aim at being accepted for the different EU programmes. <p>Ex-Post audits</p> <ul style="list-style-type: none"> • RTOs appreciate that second level audits are now conducted centrally by the Common Audit Service, which enhances coordination and helps to avoid different interpretations of rules. • Improving the quality of some external auditors is needed. • Preparatory files with annexes are more burdensome and time consuming in H2020. To save time for Annex II, auditors should send a pre-filled version from past audits and ask beneficiaries to update only when needed. • The audit period is still stretching too long: EARTO members experienced from six to nine months for audit reports to be finalised by auditors. • The auditors' visit is very short, with many documents to be prepared in a limited time. External auditors should be enabled to get prepared in advanced so that they can be reasonably familiar with the material sent by the beneficiaries prior to the visit. • Too strong attention is given to travel costs and subsistence in the H2020 audit process. This is too time consuming given the relatively low financial impact of such costs in the overall project costs, even despite the 15% rule in place. Focus should be put on the existence of airplane and hotel bills and attendance lists which prove that the travel was necessary and effectively took place.
<p>6.6 Would it be useful to seek synergies with national research and innovation funding bodies in the audit field? How could this be implemented in practice?</p>	<p>See EARTO Recommendations on <i>HEU Implementation: Financial Aspects</i> - 30 April 2019</p> <ul style="list-style-type: none"> • Synergies with national funding bodies in terms of audit procedures, audit forms, rules applied, and intervals of audits would certainly be key areas of simplification. In the long run, an alignment with national research funding authorities should be made possible. • In the short term, relevant (elements of) audit reports performed at national level by recognised independent audit firms should already be accepted at EU level. It is important to note that this is not about the basis of the funding or eligibility rules, but rather about the acceptance of the common elements of national-level independent audit reports (e.g. System Audits of an organisation) by EU-level auditors for their own project-based audits. Cross-reliance of the EU on system audits performed by National auditors is a convincing and feasible form of simplification. • Besides, system audits are becoming ever more complex and time consuming. System audits to be performed by the EU could therefore result in an inefficient and time-consuming process for both the EU and the auditees, making it too burdensome for such audits to be performed by the EC (capacity issue). Reliance on system audits performed by National auditors could prevent such inefficiencies. • Most of the time, the System and Process Audit of an organisation such as RTOs are performed by their current public auditors when auditing the annual accounts. These auditors evaluate the system's internal control design and effectiveness and examine its conformance with regulatory requirements. They then verify that processes are working efficiently, consistently and within the established limits. The EC could lean on this system audit provided that they have been performed by a "competent independent auditor qualified to carry out statutory audits of accounting documents in accordance with Directive 2006/43/EC". • The System and Process audits then needs to be completed by an ex-post audit to be decided upon by the financing body in order to establish the eligibility of costs, building on the System and Process audits as starting point.
<p>7. Extended Use of Simplified Forms of Costs – (see page 26 of EC accompanying document)</p>	
<p>7.1-7.2-7.3-7.4-7.5 Lump-sum funding</p>	<p>See EARTO paper "Feedback on the lump-sum pilots as of early 2019" -published on 30 April 2019 See EARTO Paper "Input towards lump-sum pilots in HEU" - published on 15 September 2017</p> <ul style="list-style-type: none"> • In general: the first conclusions drawn from EARTO members' participation in the H2020 lump-sum pilot are not conclusive: many issues have been encountered: <ul style="list-style-type: none"> - Projects are more split into slimmer work packages. - High dependency on consortium partners: choice of partners needs to be made carefully to reduce risk. - Cost of making proposal increased (high level of details needed), which also hits non-successful ones. - High dependency on consortium partners for the implementation of work packages and eligibility of costs.

	<ul style="list-style-type: none"> - The GA needs to specify every WP lump sum of every beneficiary in order to facilitate budget distribution among beneficiaries and prevent disputes within the consortium. - Uncertainty on the procedure for approval of delivered work packages. - Uncertainty within consortia how to deal with non-payment still exists. - Lack of guidance on how the exception to declare partial lump-sum can be applicable - The clauses on liability are the same as for regular H2020 projects, but it is challenging to agree upon responsibilities & liabilities between beneficiaries. This matter should be solved by further guidance in the Annotated Model Grant Agreement (AGA). - Some pilot projects have been budgeted as 'traditional' projects, with person months, fixed tariffs and co-financing. But in terms of project implementation, this is not relevant anymore. - Cuts of the planned budget demanded by EC without detailed information on the reasons. - Ethics work packages were added by the EC without additional funding. - Budget reallocation requires an amendment so that it can be controlled by EC, quite understandably. This takes some time getting used to, compared to regular H2020 projects which only require an amendment if the work is being altered or reallocated. - The EC project officers need to be involved in discussion as much as possible, it is a learning experience also for them. <ul style="list-style-type: none"> • 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. It also needs to take into account the objective of the FP to be "best placed to take on high-risk and long-term R&I". • The next step for now should therefore strictly consist in a limited extension of the experiment to a few more pilot calls during the first WP of HEU, providing a more representative sample to test the lump-sum out on reputedly complex projects with numerous and various types of partners.
8. Outreach – (see page 29 of EC accompanying document)	
8.1- 8.2 With which support services have you interacted, if any, during the course of Horizon 2020, and how can they be improved?	<ul style="list-style-type: none"> • Outreach events in the different European regions are very much appreciated by beneficiaries. Direct announcements in the Participant Portal about outreach events and coordinator's days would be appreciated. • In general, the Research Enquiry Service (RES) is helpful with adequate response time. To further improve the service, the RES should aim to go beyond simple quotations of the Annotated Model Grant Agreement (AGA) and provide more detailed answers whenever possible. It would also be helpful to enable the RES to react on queries that are more complex and specific as well, for instance by allowing beneficiaries to add attachments to their queries. Besides, all answers of the RES should be findable and accessible online via the F&T Portal.
9. Digital Transformation – (see page 31 of EC accompanying document)	
9.1 Single portal for all EU programmes?	<ul style="list-style-type: none"> • Further harmonisation of the reporting systems and templates across the different instruments with the FP and across programmes, including standardised level of details required, would constitute a considerable improvement and simplification.
9.2 Which additional features of the Funding & Tenders Portal would you find useful?	See EARTO Paper "Towards HEU: EARTO Feedback on H2020 Implementation" - 30 April 2019 <ul style="list-style-type: none"> • Whenever a proposal for a call is submitted for the first time, the Legal Entity Appointed Representative (LEAR) of the concerned organisation could receive a notification with detailed information. The LEAR should have access to all proposals and funded projects of the concerned organisation. • Involved third parties should receive read access. Submitted third parties' documents (incl. use of resources) could be available for printing to the third party and the beneficiary concerned. • To further improve the system, it could also be made possible to automatically convert the Part B of the proposal into the Description of Actions (DoA). All reporting documents should be printable and exportable. • A Q&A portal similar to the one used for European calls for tenders (TED) could allow all potential applicants to get clarifications (e.g. on the scope and intended impacts of the call), in such a way that all answers would be made public.
9.3 Improve F&T Portal?	<ul style="list-style-type: none"> • The new portal has not kept the very good search function and the FAQ section of H2020: it should be reinstated.
10. European Partnerships – (see page 34 of EC accompanying document)	
10.3 How to most effectively improve the experience in participating in the calls and activities in the context of European Partnerships?	See EARTO Paper "How Joint Undertakings boost RTOs-Industry Collaboration & Leverage Private RD&I Investments in Europe" - 10 March 2017 <ul style="list-style-type: none"> • The continuity of public-private partnerships should be supported: trust between RD&I stakeholders takes time to create and it is an indispensable element for excellent industry-led collaborative research. The links between the different partnerships and the future missions should be further clarified. • Common procedures and rules among all partnerships (incl. JTIs, cPPPs, EIT KICs) aligned on EU FPs' will contribute to significantly improve communication on funding opportunity and

	accessibility. Areas of simplification include: calls accessible on the F&T portal, single set of rules for participation and for funding, harmonising and centralisation of submission, evaluation, and reporting procedures.
10.4 How to make European Partnerships more attractive for prospective partners?	<ul style="list-style-type: none"> • RTOs' participation in the governance of those partnerships will ensure their connection to the relevant national and regional initiatives. Such connections will become even more important when looking at the future European Industrial Strategic Values Chains. • Boost private companies' participation by ensuring balanced open science clauses (e.g. when the parties in a project choose to "opt out" the open data requirement, this should have no negative consequences on the evaluation and financing of the project). • Boost not-for-profit research organisations' participation by removing the possibility to choose a royalty free option both for the access to not-for-profit research organisations' research results and for the access of the background needed to commercially exploit those results.
11. Synergies – (see page 35 of EC accompanying document)	
11.2&11.3&4&5	<p>See EARTO & European Regions' Joint Statement on "Interregional Innovation Investments for European value chains" – 3 June 2019</p> <p>See EARTO and Vanguard Paper on "Supporting Key EC Proposals for New Instruments Offering Real Possibilities of EY Funds Synergies" - 16 November 2018</p> <ul style="list-style-type: none"> • The overall harmonisation in terms of rules of participation, funding rules, eligibility of costs, audit requirements and a common funding portal across EU Funded programmes would already be a significant improvement. In general, as long as different programmes have different eligibility criteria, joint calls might be difficult to organise. <p>Consecutive projects</p> <ul style="list-style-type: none"> • Evaluation procedures of high TRL funding programmes should positively consider proposals based on results from previously FP funded projects (i.e. extra mark), to support the TRL progression of a given research result. • Regarding the uptake of FP research results in consecutive projects via Structural Funds such as Interreg programmes: this is often prevented by the lack of eligibility of some partners not located in the region. A solution might be to further facilitate and even encourage the inclusion and eligibility of non-regional partners in those programmes (maintaining the existing limits of 20% of the budget). <p>Synergies with the Cohesion Funds</p> <ul style="list-style-type: none"> • In the Cohesion Funds programme, the provision enabling Members States and regions to transfer up to 5% of their Cohesion Funds to other EU programmes such as HEU is a key advancement in the area of joint programming and synergy of funds. • EARTO very much welcomes the advances offered by the Commission in its targeted review of the General Block Exemption Regulation (State aid): extension to national funds combined with certain Union programmes, which will be key to enable an effective synergy of funds in the next programming period. However, such extension of the EU state aid rules would only target on the SoE for the SME Instrument, and not for MSCA. In general, the Seal of Excellence is much more targeted to single beneficiary projects, and it is difficult to imagine how it could be used for multi-beneficiary cross-boarder collaborative projects. <p>INTERREG Component 5:</p> <ul style="list-style-type: none"> • EARTO also very much welcomes the new Interreg component 5 for Interregional Innovation Investments, which should be preserved in the next MFF with at least its €970MLN budget in order to enable the envisaged impact. • The Horizon Europe Pillar III Part on Innovation Ecosystems to develop new joint activities with DG REGIO future Component 5 is also very much welcomed. • Irrespectively of its final regulatory location, such component should have an interregional nature to co-finance Smart Specialisation driven common projects of different EU regions. • The management of the new instrument should allow swift allocation addressing effectively fast developing technologies and value chains, while putting regional actors at the core of its governance. It should moreover enable coordination in practice, resolve issues with state aid, capitalise on regulatory attempts to bring synergies in the next MFF and provide room for bottom-up processes.

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.

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