EUCAR

EUROPEAN COUNCIL FOR AUTOMOTIVE R&D

European Parliament Hearing: Simplifying the Implementation of Research Framework Programmes

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The 13 Major European Automotive Manufacturers

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EUCAR Mission

”To Strengthen the Competitiveness of the European Automotive Manufacturers through Strategic Collaborative R&D”

by:

- Identifying, formulating and prioritising the common R&D needs,
- Interacting with the European Commission, national bodies and other key stakeholders in order to represent, promote and communicate these common R&D needs,
- Initiating, supporting and monitoring impact studies, R&D projects and programmes.

1. Reducing bureaucracy

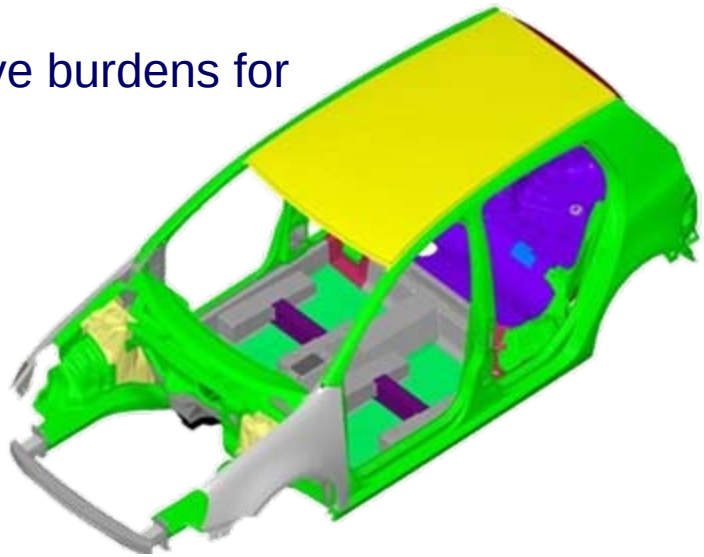
- A substantial effort goes towards red tape ➔ an important share of the funding is not devoted to research or innovation

- Technology experts are scarce - their knowledge, time and funding should not be used for administrative actions

- Examples for improvement
  - Use of usual accounting principles
  - Improve success rate, reduce delays and paperwork by reforming the process
  - Eliminate different activity types, without reducing the reimbursement rate
  - Common rules, audit methodologies, procedures and electronic tools

2. Usual accounting procedures

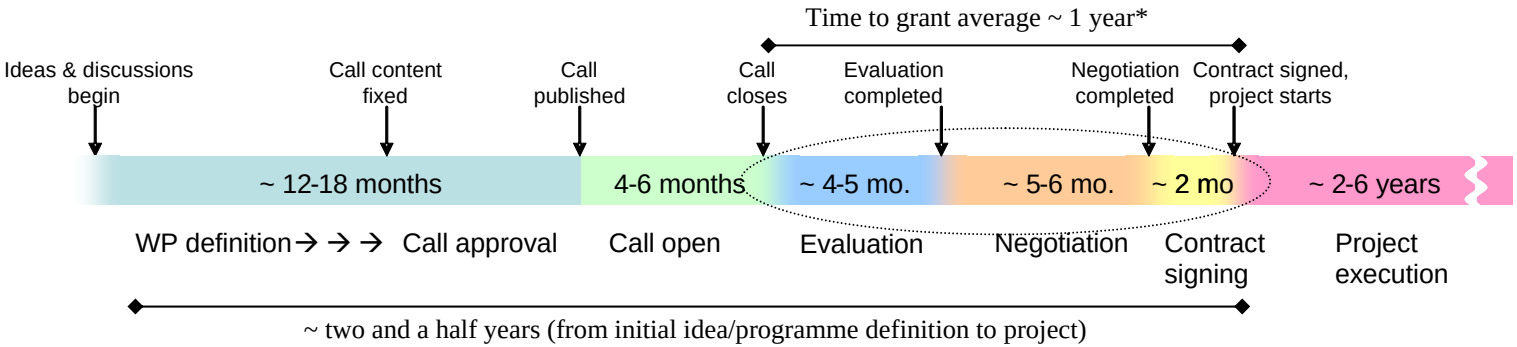
- Average actual personnel costs
  - Proposed methodology (Financial Regulation) to use average costs is welcome (but swift implementation requested)
  - Should not create additional administrative burdens for beneficiaries and projects



- Indirect costs
  - Rates of indirect costs in industry are often very high (can be ~ 100%)
  - For industry, use of actual indirect costs should be retained (no imposition of flat rates)

3. Reducing time to grant

Current typical project procedures (from programme definition to project execution)



*from 2nd FP7 monitoring report

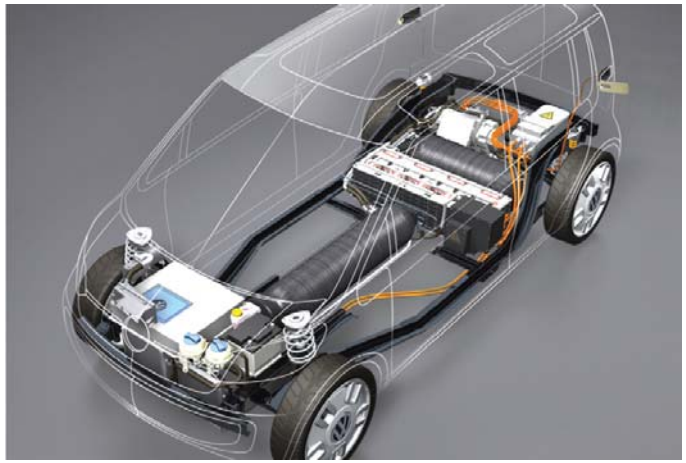
- Average "idea to grant" time is more than 2 years
- European Green Car Initiative was announced in Nov. 2008, first research projects are starting only now
- "Idea to grant" should be less than 6 months (benchmark best national programmes, e.g. NOW* in Germany)

* National Organisation for Hydrogen and Fuel Cell Technology

4. Lump sums & results-based funding

- For industry, use of lump sums is not beneficial (negotiation delay, sufficiency of funding, lack of accountability)

- Results-based funding is not workable for collaborative projects involving industry



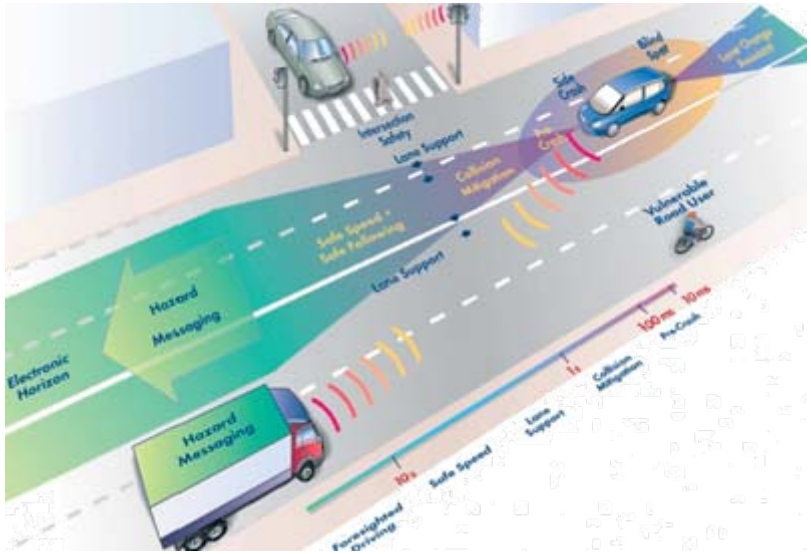
  - Risk of non-funding after 3-4 years of project cannot feasibly be sustained
  - Definition, measurement and negotiation of target/results too burdensome (for beneficiaries and Commission)
  - Discourages participation and innovation, encourages low risk research
  - Could be effective in reducing administration only in small projects/studies

5. Indirect management of PPPs

- PPPs require streamlined, simplified procedures, common rules and electronic tools and stakeholder accountability

- Indirect management of PPPs by private bodies is proposed in the Review of the Financial Regulation

- Further investigation of rules, operation and governance is required to ensure a genuine partnership between public and private stakeholders

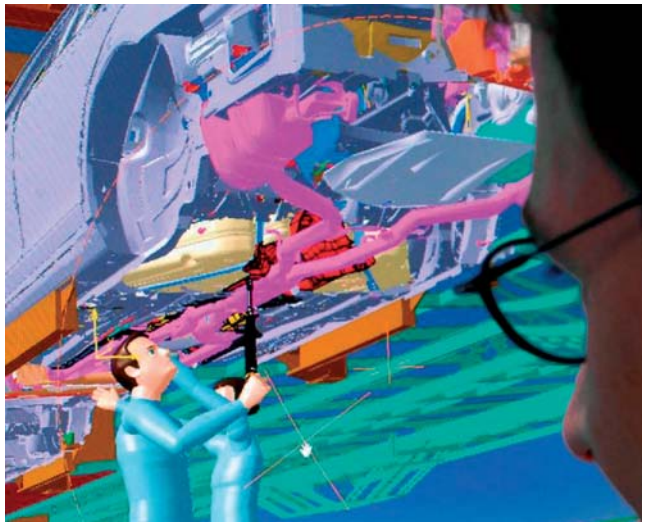


- Interest in this model has been expressed by Technology Platforms

6. Tolerable risk of error (TRE)

- The low TRE in EU funding (2%) influences the stringent control in financial reporting and auditing

- The costs of control are direct costs to Commission and beneficiaries and indirect costs to the quality of research (due to the disincentive of bureaucracy)



- A higher TRE is appropriate for research – this would allow lower costs of control

- A higher TRE should result in a concrete reduction in stringency of financial controls and the audit regime

- Involuntary errors should be reduced by reducing complexity of rules

When should changes be implemented?

Proposed implementation timetable

		Now	*2012**	*2014(FP8)*
1.	**Reducing bureaucracy**	➲	➲	➲
2.	**Usual accounting procedures (average rates)**	➲		
3.	**Reducing time to grant**	➲	➲	➲
4.	**Lump sums & results based funding**	(-- implementation not recommended --)		
5.	**Indirect management of PPPs**			➲
6.	**Tolerable risk of error**	➲		

*2012 is planned implementation date of Financial Regulation