



EUCAR

EUROPEAN COUNCIL FOR AUTOMOTIVE R&D

**European Parliament Hearing:
Simplifying the Implementation of
Research Framework Programmes
1st September 2010**

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The 13 Major European Automotive Manufacturers



”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

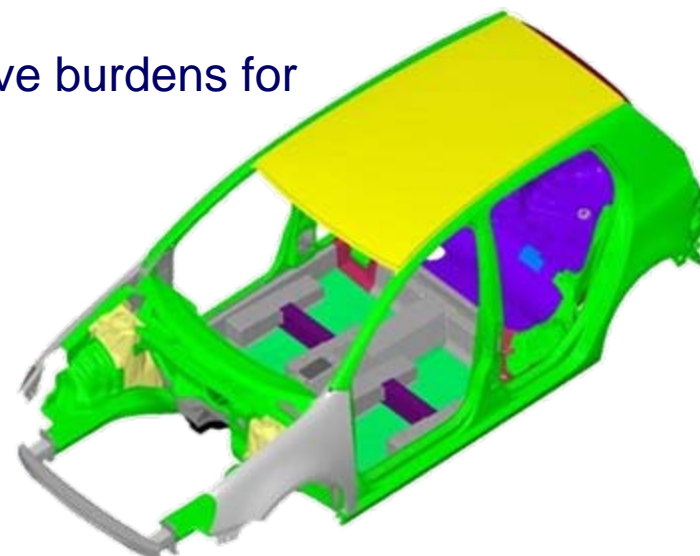
- ❑ A substantial effort goes towards red tape → an important share of the funding is not devoted to research or innovation
- ❑ Technology experts are scarce - their knowledge, time and funding should not be used for administrative actions
- ❑ Examples for improvement
 - ❑ Use of usual accounting principles
 - ❑ 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

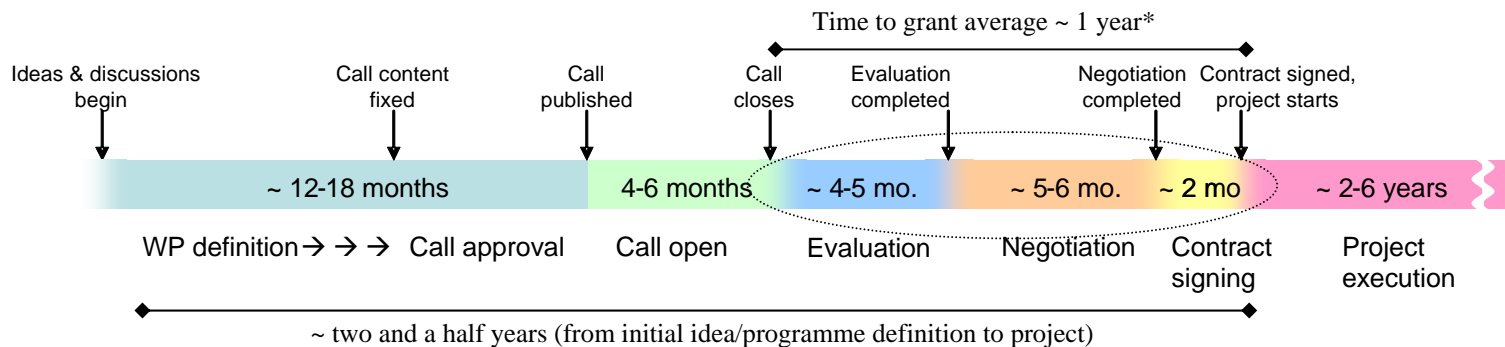
- ❑ Average actual personnel costs
 - ❑ Proposed methodology (Financial Regulation) to use average costs is welcome (but swift implementation requested)
 - ❑ Should not create additional administrative burdens for beneficiaries and projects

- ❑ 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)



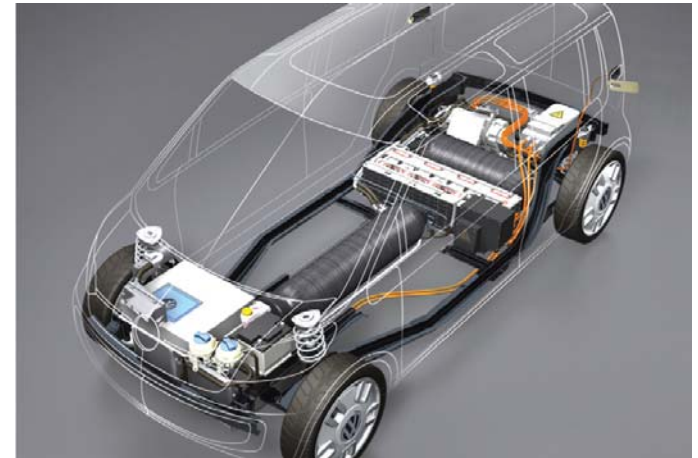
*from 2nd FP7 monitoring report

- ❑ 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

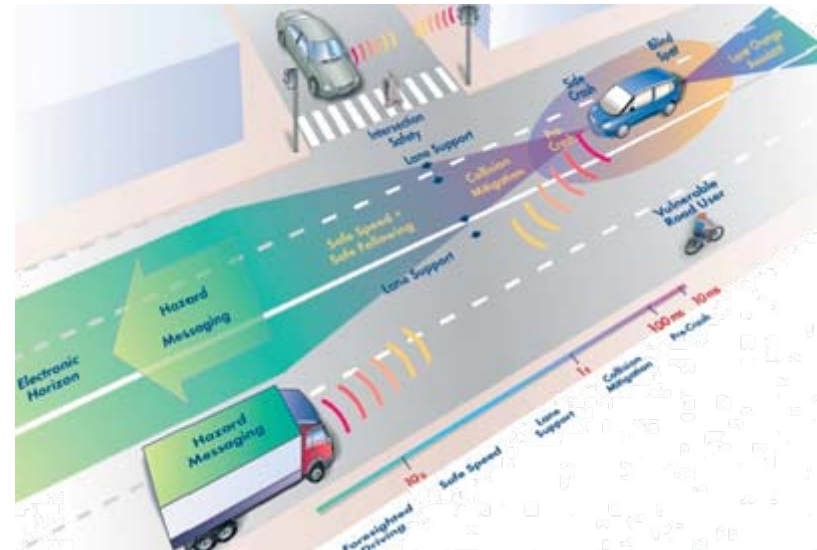
4. Lump sums & results-based funding

- ❑ 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

	<i>Now</i>	<i>2012*</i>	<i>2014(FP8)</i>
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