

## **DECLARATION OF THE EARTO EXECUTIVE BOARD**

### **JOINT TECHNOLOGY INITIATIVE FUNDING MODELS ARE IN DANGER OF OBSTRUCTING THE ACHIEVEMENT OF THE EUROPEAN RESEARCH AREA AND THE LISBON OBJECTIVES**

Achieving the European Research Area and also the Lisbon objectives – the principal challenges set for European research and growth policies at the present time – requires the constructive engagement of all key players: enterprises, universities, Research and Technology Organizations (RTOs) as well as public authorities at all levels.

Regrettably, the funding models instituted by the Innovative Medicines JTI (IMI) in the summer of this year, and now by the Fuel Cell and Hydrogen JTI (FCH), will discourage many of the best research performers from participating in the R&D programmes promoted by these JTIs. We refer specifically to the 20% cap on overheads common to both JTIs. Moreover, a Commission official stated clearly at the recent FCH information day that it is the Commission's intention to introduce a 20% reimbursement limit for overheads in all future JTIs.

Such unrealistic capping of overhead costs displays grave ignorance of the economic realities of research. RTOs have overhead costs - i.e. necessary structural costs which are not directly attributable to a specific research project - equivalent, typically, to 100% or more of direct project costs. Universities and SMEs, too, have significant overhead costs, generally well in excess of 20%.

R&D comes at an economic cost which must be covered. RTOs, universities, SMEs and others will turn their backs on the JTIs – as many of them did on the occasion of the first IMI Call for Proposals – if the conditions offered are not realistic. They will not work at a pre-ordained loss. In the transition from FP6 to FP7, the Commission set full-cost accounting and reimbursement as the norm for contractors. This is welcome, because transparent and economic; the JTIs should do likewise.

There are also concerns about ill-conceived IPR policies with regard to IMI, which EARTO has already raised with the Commission and IMI management, and which have since been questioned also by several EU Member States. Here, too, more realism is needed and changes must be made.

EARTO calls on the European Commission to ensure whenever it invests public resources in Joint Technology Initiatives, and other third-party programmes or measures, that the funding models are realistic and compatible with the broader objectives of European research and growth policies. Full prior consultation with stakeholders is essential.

EARTO is in consultation with the European Universities Association, which is also actively pursuing this issue with the European Commission.

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