Towards Horizon Europe:
EARTO Feedback on H2020 Implementation

30 April 2019

EARTO is a strong supporter of the European Commission (EC)'s efforts towards simplification of the EU R&I Framework Programmes (FPs). As EARTO members are very active participants in the FPs, especially in collaborative projects, EARTO members' experts are happy to hereby provide feedback on the implementation of H2020, including on simplification measures. Such feedback is based on RTOs' extensive experience of EU FP projects, both as partners and coordinators. This can serve as an input towards further simplification of the framework programme in view of the implementation of Horizon Europe (HEU).

Phase	Issues
General	• The high oversubscription in H2020 has led to the rejection of many excellent proposals. Without budget increase in the future, this issue will remain and potentially even worsen in HEU. • The EC shall keep the flexibility to call for smaller and more targeted projects to enable faster actions, when appropriate. Today, the tendency seems to be set on large projects with many partners and important budget. • 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)).
Proposal submission &Participants' portal	• Both the administrative and technical parts of the proposal are now in a unique file, which is an efficient simplification. • The cost for making proposals needs to be reduced: too time-consuming for small organisations which increasingly depend on consultancies. **Two-stages proposals:** • The use of two-stages proposal procedure is an improvement and should be continued and extended: it can facilitate FP accessibility and reduce time and costs of submitting proposals, which can be burdensome. The introduction of a 70/50-page limit has improved the quality and the effectiveness of the proposals. However, such procedure could still be improved. • The time to grant from the first stage shall be equal throughout the Programme and reduced as much as possible, as it is still considered too long in relation to the single stage procedure. • The first stage could further focus on the feasibility and credibility of any proposed project plan and its implementation and known risks, as well as detail on what applicants' organisations already have in place to support the project. **Participants' portal (now Tender & Funding Opportunities Portal):** • Already before the move to the new portal, the participants' portal has been significantly simplified and improved. Proposal/grant preparation, signature, reporting and filling has been made easier and more comprehensive. However, there is still room for further practical improvements, as suggested below. • The proposal system could provide further information on the call, for instance with a call fiche and the link to the related presentation held by the EC on the call. • 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. • Submitted third parties' documents (incl. use of resources) could be available for printing to the third party and the beneficiary concerned. • The new portal has unfortunately not kept the very good search function in the FAQ section of the Horizon 2020 programme. It could be reinstated.

	- 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).
	- The edit draft button and delete proposal button could be further distinguished and separated, as this sometimes leads to confusion.
	- The budget table heading is blocked which makes it impossible to scroll down. Therefore, when the budget is edited for the last project partners, it is not possible to read the heading on the top of the table. This could be rectified.
Evaluation	**Timing:**
	- The timing of evaluations has improved, with now a definite time period for participants to receive the evaluation and to negotiate the proposal.
	Evaluation criteria & sub-criteria:
	- The evaluation criteria of Horizon 2020 should remain in Horizon Europe: "excellence", "impact", and "quality and efficiency of the implementation".
	- Further transparent communication on the evaluation sub-criteria is needed. The sub-criteria should be applied in a transparent and consistent manner. They shall be defined in the same ways throughout the whole programme (for instance: coordination and support measures, differences between dissemination and exploitation).
	- Clearer guidance could be given to evaluators during the final short-listing steps on what (additional) criteria can be used to deny/support a project funding.
	Experts:
	- Selection criteria for independent external evaluators (skills, experience, knowledge) should be clearly stipulated.
	- The EC could create a pool of experienced rapporteurs in order to allow faster and higher quality reports. As rapporteurs cannot express opinions on the proposals, no conflict of interest would be involved.
	- An evaluation committee should have the power to decide upon a re-evaluation of proposals.
	Proposal selection:
	- Improved Evaluation Summary Reports (ESR) are needed, with clearer/deeper justifications for each proposal rejection. A better balance could be found to allow the evaluators to go beyond the standard rejection phrasing while avoiding giving too detailed (contestable) explanations.
	- The transparency of the proposal selection process could be further improved. The proposal system could show the number of submissions, the acceptance rate, and the list of projects that got funded. Coordinators of not funded proposals could then be able to follow the project results and create a network for sharing information among funded and not funded proposals in the same field.
	- No verification of the financial capacity should be needed for organisations whose financial viability is guaranteed by a Member State.
Grant preparation & Consortium agreement	- There is a need to align the proposal template with the grant preparation templates so that the same information is requested to simplify the process. Currently there is too much manual information to be included in the Participant Portal.
	- Although the negotiation step is officially no longer in place, in reality the current procedures are just equivalent but in a shorter period of time. This could be rectified to avoid overburden of participants.
	- Due to the complexity of CA negotiations in some projects, we would advice further use of the DESCA model.
Rules & Eligible Costs	**Annotated Model Grant Agreement (AMGA):**
	- The workability of the Annotated Model Grant Agreement could be improved. It does help beneficiaries navigate the rules. However, it is an extensive document, constantly evolving, making it a challenge for beneficiaries to keep track of the changes. LEARs could receive automatic notice of any changes made to the AMGA.
	- The AMGA is not legally binding for the Commission. However, auditors stick to examples of the AMGA 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 AMGA rules.

- To gain efficiency, the AMGA shall be simplified, shortened, and the dates and summary of changes of planned publication of updates could be communicated in advance (e.g. via the LEARs). Finally, it is only available in English: it would gain to be translated into other EU official languages.

Eligible costs:

- Personnel costs: the calculation of personnel costs can be complex and time consuming, with burdensome additional processes. For example, the bonus system/additional remuneration could be simplified, the timesheet requirements lack clarity and could be further simplified (level of details required, signature process). Auditors could put in place an internal cross reliance on personnel costs with previous FP audit for the same beneficiary.

- Travel cost: Too strong attention is given to travel costs and subsistence in the audit process. This is too time consuming given the low importance of such costs in the overall budget size, even despite the 15% rule in place.

- Other direct costs: Uncertainty for instance concerning allocation keys, and administrative burden to measure other direct costs with requirements such as "to be justified by sufficient persuasive evidence showing direct link to the action".

- Indirect costs: RTOs appreciate the simplification brought by the flat rate approach for indirect costs. However, such flat rates do not reflect the real costs of RTOs, for instance for their technology infrastructures.

Lump-sum:

- See EARTO paper on the topic: "Feedback on the lump-sum pilots as of early 2019" (published on 30 April 2019) and "Input towards lump-sum pilots in HEU" (published on 15 September 2017).

- In general: the first conclusions drawn from EARTO members' participation in the H2020 lump-sum pilot are not conclusive: many issues have been encountered. The next step 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 as well as with significant budget.

Unit costs:

- Certificate on the methodology for unit cost (CoMUC): The benefits of having a CoMUC are not clear. The administrative burden appears to be similar when having a CoMUC than when not having one. The question today remains as to how personnel costs are audited in case a beneficiary has a CoMUC.

- Broader acceptance of unit costs would help RTOs to reflect the costs linked to the use of (expensive) technology infrastructures more realistically. Combining and enhancing the concepts of Internal Invoicing of goods and services and Large Research Infrastructure (LRI) scheme, HEU should enable a broader acceptance of unit costs based on usual accounting practices, and more specifically allocation keys.

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 versus tendering: The diversity of rules existing in the different EU countries needs to be taken into account. Auditors shall be trained to understand the various national differences.

- Procurement: there is a missing clause in the purchase contracts "*The beneficiaries must ensure that EC, ECA and OLAF can exercise their rights under Articles 22 and 23 also towards their contractors.*", which makes it difficult to implement within RTOs.

Cascade funding and sub-granting:

- Rules for Cascade funding and sub-granting are still too complex. This in turn creates additional efforts and risks for coordinating beneficiaries (cash flow issues, liability). It also creates difficulties for auditors. 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).

	Guarantee fund:
	• The cases in which a guarantee fund may intervene or not shall be made clearer and standardised.
Reporting	**Reporting system:**
	• Further harmonisation of the reporting systems and templates across the different instruments, including standardised level of details required, would constitute a considerable improvement. Some instruments use their own reporting electronic platforms, outside the participants' portal, which significantly increases complexity.
	Reporting requirements:
	• Overall project reporting requirements are too high and time-consuming, with for some parts no clarity as to the usefulness and re-usability of the reporting requirements. A different reporting could be look at. For example, 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).
	Certificates of financial statements (CFS):
	• 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 CFS templates could be made available online.
	• 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 a minimum FP audit competence).
	Project termination:
	• 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.
Dissemination & exploitation	• With regards to open science and data sharing, HEU 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".
	• Besides, the concept of openness needs to be limited to peer-reviewed publications and research data. The term "research outputs" cannot be used in this context as it is not defined, too broad and might infringe researchers' rights.
	• 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 crowds 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.
Ex-post audits	• 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, audits scheduling clashes, etc. EARTO very much welcomes the EC efforts to align its questionnaires and auditors' information requests (EC and externals).
	• Improved quality of the external auditors is needed: some still lack knowledge regarding H2020 rules and interpretation of such rules, delaying audit procedures and creating issues and discrepancies between the different audit processes.
	• Most beneficiaries consider that the changes of audit process and related administrative burden between H2020 and FP7 (1st and 2nd level audits) process do not show enough improvements. While the audit sample has clearly been decreased, the new audit procedures implemented are more complex and time consuming than

	in FP7. There is therefore still room for improvement to achieve further simplification. Preparatory files with annexes are more burdensome and time consuming in H2020. To save time for Annex II for instance, auditors should send a pre-filled version from past audits and ask beneficiaries to update only when needed. Regarding annex III, SAP extracts/printouts should be accepted by auditors. • The audit period is still stretching too long: 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. As a result, most of the auditors' work is done after the visit. This can give rise to misinterpretation when discussing complex issues by email, sometimes up to 3 months after the audit closing meeting. The time to be spent on the spot could be better planned. 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. • Interviews held by auditors with project staff to cross-check their contributions need to be planned timely in advance before the auditors' visit in order to make sure the relevant staff is present. The purpose and scope of such interviews also needs to be made clearer. Beneficiary's single contact person involved in the audit should be allowed as an observer during all the interviews to ensure the good flow of information. EARTO members would appreciate to receive some information from auditors on the learnings made thanks to those interviews. • Beneficiaries' internal rules and procedures are often written in local languages which might require translation. However, this is not always the case as sometimes beneficiaries' documents do exist in English. The need for translation could be checked with the beneficiary prior to the audit to see if translation services are needed or not. • EC ex-ante assessments (e.g. Large-scale research infrastructures/LRI) seem to lack credibility. The RTOs who have received a positive ex-ante assessment for their LRI costs reported that the audit procedures on such costs are not consistent between audits and depends on the auditor carrying the audit. To ensure legal certainty, once a methodology has been approved by EC auditors, it should not be challenged or re-evaluated in audits carried out by the Common Audit Service or external auditors.
Impact	• Communicating the impact of the Framework Programme to the wider public is essential, and the introduction of the concept of "impact pathways" (scientific, social and economic) in Horizon Europe goes in the right direction. • Most of the parameters used seem feasible at work programme level, even though some might be difficult to measure in practice. However, this should not be added to the reporting requirement at project level as it would increase reporting complexity and administrative burden. • It shall be noted that not all projects aim at having the same impact: differences between different types of projects (RIA/IA), TRL levels, etc. • To measure 5-year indicators could also be complicated: it is difficult to keep track of the projects' outcome after it has ended (e.g. due to personnel change). Besides, RD&I is not a linear process, and the impact after 5 years cannot be tied to a single project – this is where all the difficulty lies with RD&I impact analysis. EARTO has set up a new Working Group on Impact to further discuss issues on impact analysis and metholodolgies.

We hope that this will contribute to further simplification towards Horizon Europe's implementation. EARTO and its experts remain of course ready to further discuss these with the relevant EC services.

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