

EARTO Input on the Implementation of European Partnerships

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European Partnerships are key instruments to foster trust-based and long-term cross-border collaboration between all European RD&I actors. As such, they will be essential to deliver on the twin green and digital transitions, with high impact for the European economy and society. With their nodal position in European industrial innovation ecosystems, Research and Technology Organisations (RTOs) have been active players in the different European Partnerships since their creation.

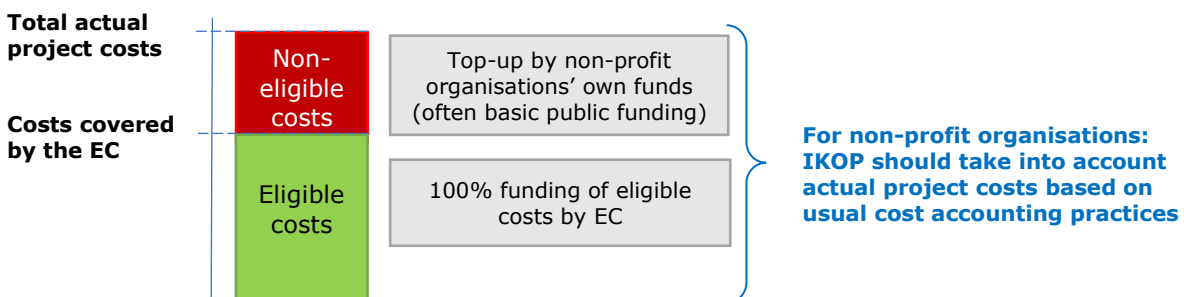
With the [Proposal for a Council Regulation for establishing the Joint Undertakings under Horizon Europe \(Single Basic Act – SBA\)](#) currently being discussed by the Council and the [Memorandum of Understanding for Co-Programmed Partnerships](#) being signed, the implementation modalities for these Partnerships need to keep enabling the participation of all types of actors, including non-profit organisations – i.e. mainly Research Organisations (REC) and Higher Education (HES) categories in Cordis database. Accordingly, EARTO strongly recommends that the specificities of non-profit organisations like RTOs and universities are better taken into account when designing those new implementation modalities. It is essential to ensure that the measures taken to boost private co-investments and reporting do not create unintended barriers to entry for non-profit RD&I actors in European Partnerships.

To that end, EARTO has the following recommendations:

1. In-kind contributions to operational activities (IKOP) should not be limited to eligible costs for non-profit organisations in Institutionalised Partnerships

The proposed limitation of “in-kind contributions to operational activities” (IKOP) to eligible costs would prevent non-profit organisations such as RTOs and universities from contributing to the Partnerships with IKOP. Indeed, even though they receive 100% funding for their direct eligible costs and 25% flat rate for their indirect costs, this is far from covering their total actual project costs. The remaining non-eligible project costs need to be covered with their own (limited) matching funds (e.g. the operational costs for the use of research and technology infrastructures - see [EARTO Paper on HE Internal Invoices’ Scheme](#)).

Cost-structure of non-profit organisations’ participation in EU FPs’ projects



Non-profit organisations should not be put on par with industry when it comes to private co-funding calculations. To do so, non-eligible costs based on usual cost accounting practices should be accounted for as IKOP for non-profit organisations, in continuity with the rules of participation for public private partnerships under Horizon2020.

[The Proposal for a Council Regulation for establishing the Joint Undertakings under Horizon Europe \(Single Basic Act – SBA\) should be amended accordingly \(Art.2 Nr 8 and Recital 23 - see Annex\).](#)

2. Direct costs for non-profit organisations should remain in line with the [Horizon Europe programme’s Regulation](#) and not be reduced below 100% of direct eligible costs as an outcome of the IKOP requirement in Institutionalised Partnerships fully funded by the Union

In addition, the proposed SBA foresees the possibility for Partnerships’ Boards to decide on lower funding rates. To overcome this IKOP issue, some Institutionalised Partnerships are already planning to reduce the funding rates for non-profit organisations below 100% of direct costs in order to increase IKOP contributions. The detrimental effects of lower funding rates for non-profit organisations will be felt very strongly, especially since all the calls in a given field have now been pulled out of the Horizon Europe clusters and centralised under each Institutionalised Partnership (see also point 4.1).

Indeed, such funding rate reductions would considerably lower the possibility for non-profit organisations to participate in European Partnerships, as already evidenced wherever applied previously in H2020 Joint Undertakings. It is also important to note here again that non-profit organisations always co-invest in EU programmes and their matching funds possibilities to cover non-eligible project costs are quite limited already (see point 1. above).

[The Proposal for a Council Regulation for establishing the Joint Undertakings under Horizon Europe \(Single Basic Act – SBA\) should be amended accordingly \(Recital 18 - see Annex\)](#) to avoid that the in-kind requirements lead to a reduction of the Partnerships' openness and possible contribution of research organisations (incl. RTOs).

3. In-kind contributions to additional activities (IKAA) should be clearly defined with a wide scope and light reporting requirements, and streamlined for all European Partnerships

Regarding the "in-kind contributions to additional activities" (IKAA), it is important to note that most non-profit organisations have the public mission to carry-out excellent RD&I. For most RTOs, their transdisciplinary RD&I activities and portfolio management can be tied to various European Partnerships (key for cross-sectorial innovation).

- Accordingly, the scope of additional activities for IKAA reporting should take this growing need for transdisciplinary approach into account and contribute to facilitate it, not prevent it. Besides, projects funded at national and regional levels should also clearly be included in their scope.
- In addition, clear definitions and criteria for the IKAA reporting are needed to provide better legal certainty for beneficiaries regarding the eligibility of their IKAAs' calculations. Such criteria and definitions need to be aligned across the different Institutionalised Partnerships with a detailed guidance for beneficiaries.
- Finally, as IKAA's reporting is associated with high administrative effort, IKAA's reporting requirements should remain as limited as possible for both Institutionalised and Co-Programmed Partnerships.

[The Proposal for a Council Regulation for establishing the Joint Undertakings under Horizon Europe \(Single Basic Act – SBA\) should be amended accordingly \(Recital 24 and Articles 2 Nr 9 and Nr 10 - see Annex\)](#).

4. European Partnerships should better address the whole TRLs scale with a forward-looking dimension (a key enabler would be to ensure the participation of the non-profit research performing sector into the Partnerships' Boards) and in any case the RD&I topics covered by Partnerships should also remain covered in other parts of Horizon Europe to avoid gaps

European Partnerships should address different time horizons: a balance needs to be found between short-term ambitions and longer-term impact. Keeping a forward-looking perspective is essential to ensure preparedness for future opportunities and challenges.

- To do so, European Partnerships should better address the whole Technology Readiness Levels (TRLs) scale, including low/mid-TRLs. Based on previous experiences with H2020 Partnerships, such TRL balance is in practice difficult to achieve. In many cases and in different fields, budget reductions in the mainstream work programme have not been filled by the related Partnerships, and gaps have been created. Giving each of the European Partnerships the exclusive coverage of their RD&I-related topics appears at first as a good simplification measure. However, the ambition for Partnerships to focus on and deliver short term impact will require the forward-looking and technology foresight dimension to be tackled by other parts of the Horizon Europe Programme. In other words, it is critical today that the RD&I topics covered by the Partnerships remain also covered in other parts of Horizon Europe (e.g. promoting RIAs in HE Clusters) to prepare for future opportunities and challenges.
- In addition, the participation of non-profit organisations should be ensured in the Governance structure of these Partnerships, including dedicated seats in Partnerships' Boards for non-profit organisations (incl. RTOs). This will be key for European Partnerships to benefit from the long-term/foresight perspective provided by RTOs. Since RTOs are active across Partnerships, RTOs' participation in their Governance Bodies would also strengthen the coordination and synergies between different Partnerships. Besides, this will ensure the Partnerships' connections to other relevant EU, national and regional RD&I initiatives and instruments in which non-profit organisations like RTOs are prominent actors.

EARTO remains at the disposal of the EU institutions to further discuss these recommendations and support the sound implementation of the European Partnerships during the 2021-2027 funding period. EARTO is also ready to regularly provide RTOs' return on experiences on their participation in European Partnerships, for instance in the frame of the Strategic Coordinating Process.

Annex: EARTO Text changes suggestions for the Single Basic Act

Topic	Single Basic Act draft text	EARTO proposed text amendments
1. In-kind contributions to operational activities' - IKOP	<p>Recital (23) Further simplification is a cornerstone of the Horizon Europe Framework Programme. In that context, there should be a simplified reporting mechanism for partners, who are no longer required to report on non-eligible costs. In-kind contributions to operational activities should be accounted solely on the basis of eligible costs. That allows for the automated calculation of in-kind contributions to operational activities via the Horizon Europe IT tools, lowers the administrative burden for partners and makes the reporting mechanism for contributions more effective.</p> <p>Art 2 Nr. 8. 'in-kind contributions to operational activities' means contributions by private members, their constituent entities, the affiliated entities of either, by international organisations and by contributing partners, consisting of the eligible costs incurred by them in implementing indirect actions less the contribution of that joint undertaking and any other Union contribution to those costs</p>	<p>Recital (23) Further simplification is a cornerstone of the Horizon Europe Framework Programme. In that context, there should be a simplified reporting mechanism for partners, who are no longer required to report on non-eligible costs. In-kind contributions to operational activities should be accounted solely on the basis of eligible costs except for non-profit organisations. In this case non-eligible costs incurred in implementing the action should also be accounted for based on their usual cost accounting practices. That allows for the automated calculation of in-kind contributions to operational activities via the Horizon Europe IT tools, lowers the administrative burden for partners and makes the reporting mechanism for contributions more effective.</p> <p>Art 2 Nr. 8. 'in-kind contributions to operational activities' means contributions by private members, their constituent entities, the affiliated entities of either, by international organisations and by contributing partners, consisting of the eligible costs, as well as non-eligible costs for non-profit organisations based on their usual cost accounting practices, incurred by them in implementing indirect actions less the contribution of that joint undertaking, the participating states of that joint undertaking and any other Union contribution to those costs.</p>
2. Funding Rate	<p>Recital (18) In line with the ambitions set out in the Horizon Europe Regulation, one of the preconditions of setting up institutionalised partnerships is ensuring partner's contributions throughout the lifetime of the initiatives. In this context, private partners should deliver a significant part of their contributions in the form of in-kind contributions to operational costs of the joint undertaking. Joint undertakings should be able to seek measures to facilitate these contributions through their work programmes, notably by reducing funding rates. These measures should be based on the specific needs of a joint undertaking and the underlying activities. In justified cases, it should be possible to introduce additional conditions that require the participation of a member of the joint undertaking or their constituent or affiliated entities, targeting activities where the industrial partners of the joint undertaking can play a key role, such as large-scale demonstrations and flagship projects, and contribute more via lower funding rates. The level of participation of members should be monitored by the executive director in order to empower the governing board to take appropriate actions, ensuring a balance between commitment from partners and openness. In duly justified cases, the capital expenditure for, e.g., large scale demonstrators or flagship projects, may be considered as an eligible cost in line with the applicable legal framework.</p>	<p>Recital (18) In line with the ambitions set out in the Horizon Europe Regulation, one of the preconditions of setting up institutionalised partnerships is ensuring partner's contributions throughout the lifetime of the initiatives. In this context, private partners should deliver a significant part of their contributions in the form of in-kind contributions to operational costs of the joint undertaking. Joint undertakings should be able to seek measures to facilitate these contributions through their work programmes, notably by reducing funding rates. These measures should be based on the specific needs of a joint undertaking and the underlying activities. In justified cases, it should be possible to introduce additional conditions that require the participation of a member of the joint undertaking or their constituent or affiliated entities, targeting activities where the industrial partners of the joint undertaking can play a key role, such as large-scale demonstrations and flagship projects, and contribute more via lower funding rates. The level of participation of members should be monitored by the executive director in order to empower the governing board to take appropriate actions, ensuring a balance between commitment from partners and openness. In duly justified cases, the capital expenditure for, e.g., large scale demonstrators or flagship projects, may be considered as an eligible cost in line with the applicable legal framework.</p>
3. In-kind contributions to additional activities'- IKAA	<p>Recital (24) Additional activities should not receive financial support from the joint undertaking. However, they can be accounted as members' in-kind contributions when contributing to the objectives of the joint undertaking and directly linked to its activities. That link can be established through the uptake of results from indirect actions funded by the joint undertaking or</p>	<p>Recital (24) Additional activities should not receive financial support from the joint undertaking. However, they can be accounted as members' in-kind contributions when contributing to the objectives of the joint undertaking and directly linked to its activities. That link can be established through the uptake of results from indirect actions funded by the</p>

	<p>its preceding initiatives, or by demonstrating a significant Union added-value. This Regulation should lay down more specific provisions concerning the scope of additional activities for each joint undertaking, to the extent that it is necessary to achieve the desired directionality and impact. It should be further decided by joint undertakings' governing boards whether, for valuing the contributions, the use of simplifying methods such as lump-sums or unit costs is necessary to achieve simplification, cost effectiveness and appropriate level of protection of confidential commercial data.</p>	<p>joint undertaking or its preceding initiatives, or by demonstrating a significant Union added-value. This Regulation should lay down more specific common provisions concerning the scope of additional activities for each joint undertakings, to the extent that it is necessary to achieve the desired directionality and impact. Such provisions should provide the right level of details to ensure the necessary degree of legal certainty with regards to the acceptance of the in-kind contributions to additional activities. It should be further decided by joint undertakings' governing boards whether, for valuing the contributions, the use of simplifying methods such as lump-sums or unit costs is necessary to achieve simplification, cost effectiveness and appropriate level of protection of confidential commercial data.</p>
	<p>Art. 2 Nr. 9 'additional activity' means an activity outside the main part of the work programme that does not receive financial support from the joint undertaking but contributes to its objectives and is directly linked to the uptake of results from projects under that joint undertaking or its preceding initiatives or has a significant Union added-value</p>	<p>Art. 2 Nr. 9 'additional activity' means an activity outside the main part of the work programme that does not receive financial support from the joint undertaking but contributes to its objectives and is directly linked to the uptake of results from projects under that joint undertaking or its preceding initiatives or has a significant Union added-value. This Regulation should lay down more specific common provisions concerning the scope of additional activities for each joint undertakings. Such provisions should provide the right level of details to ensure the necessary degree of legal certainty with regards to the acceptance of additional activities with regards to the calculation of the related in-kind contributions.</p>
	<p>Art 2 Nr. 10 'in-kind contributions to additional activities' means contributions by the private members, their constituent entities or the affiliated entities of either, consisting of the costs incurred by them in implementing additional activities less any contribution to those costs from the Union and from the participating states of that joint undertaking</p>	<p>Art 2 Nr. 10 'in-kind contributions to additional activities' means contributions by the private members, their constituent entities or the affiliated entities of either, consisting of the costs incurred by them in implementing additional activities less any contribution to those costs from the Union and from the participating states of that joint undertaking. Additional activities, funded by the Participating State in a context other than this JU might be included if the further requirements and conditions are met.</p>

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 collaborate 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 technology infrastructures.