

# Common principles governing external funding of research

## Executive Summary

### 1. Introduction

The high quality of research is a key foundation of European economic competitiveness and social well-being.

Research, be it science or arts based, is produced in a complex eco-system. It is, by nature, speculative and often high-risk. Knowledge is cumulative, thus research has to be seen as a long-term, continuous activity. Most research depends, directly or indirectly, on substantial public financial support. However, the current diversity and lack of consistency across the various public funding streams in Europe adds complexity, imposes a real cost on research organisations, and impacts directly on their capacity to deliver their research and innovation missions.

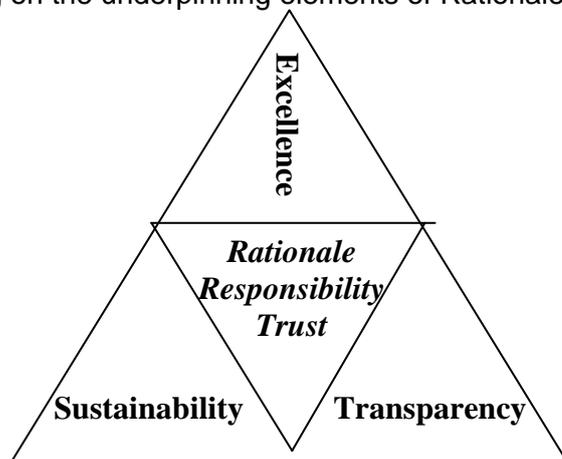
The ultimate purpose behind this document is to encourage all stakeholders to test their actions, activities and processes against the three principles set out below, while being able to demonstrate their rationale, take responsibility for their actions, and learn to trust those others who act in the same way.

Three primary groups of stakeholders are involved: Research Performers (universities and other research performing organisations); Research Funders (such as national agencies or funding systems, and the European Commission); and Governments (whether at national or regional level).

This paper is intended as the first step in a longer term process towards developing common principles governing external, project-based funding of research. All three stakeholders, be they Government, Research Funders (RFs) or Research Performers (RPs), are called upon to engage in a process towards adopting the principles set out in this paper in all matters relating to the funding and management of research activities. They are invited to develop mechanisms to support the assessment of performance against the principles identified and the sharing of best practice. The objective is to foster awareness of the key factors that make external research funding manageable, efficient and effective, and thus promote a sustainable and competitive European Research Area.

### 2. The Principles' Pyramid

The Principles' Pyramid illustrates the three key principles – Excellence, Sustainability, Transparency – resting on the underpinning elements of Rationale, Responsibility and Trust.



### 3. Definitions

Rationale, Responsibility and Trust are the key underpinning elements which condition the application of the three common principles of Excellence, Sustainability and Transparency, and which should apply in all circumstances.

Rationale: a reasoned exposition of principles. Includes an explanation of the logical reasons or principles employed in arriving at a decision and which justify any requirements.

Responsibility: a capacity to fulfil an obligation or duty in a reliable and trustworthy way; a capacity to be held accountable, to act in a professional manner, and to operate within legal and accepted practice.

Trust: implies confidence in the ability, integrity, and reliability of another party – where that party has demonstrated its capacity to be trusted - and entails acceptance of that party's ability to operate without undue investigation or control.

#### The Three Principles

Excellence: General excellence, in particular the quality of management and processes. Having the capacity, ability, skills and attributes to manage research and its funding to a level which meets or exceeds both the needs and legitimate expectations of all stakeholders. This can be measured by the degree of compliance with processes or predetermined criteria.

Excellence may be illustrated by some of the characteristics below:

- quality of process
- accountability
- proportionality
- efficiency
- effectiveness
- consistency of terminology

Sustainability: The capacity to endure, to being maintained at a certain rate or level. For Research Performers, the ability to fully meet the needs of the present without compromising their capacity to meet future teaching and research challenges.

Sustainability may be illustrated by some of the characteristics below:

- stability
- consistency
- reliability
- continuity over time and space
- proportionality
- impact of funding

Transparency: Openness, communication, clarity of decision-making processes, freely available and accessible information on policies and procedures, accountability.

Transparency may be illustrated by some of the characteristics below:

- clarity of process
- clarity of terminology
- accountability
- availability and accessibility of information
- openness of process
- equality of opportunity

# Common principles governing external funding of research

## 1. Background

In order to facilitate a progressive streamlining of the terms and conditions of external research funding, Research Funders (RFs) and Research Performers (RPs), through their European representative organizations, agreed with the European Commission during the 2009 Brussels ERA Conference on the need to work together to define and promote common principles for responsible external research funding in the European Research Area (ERA).

External, public project-based research funding accounts for an increasing share of the financing of research in Europe. Different types of funders, each of them with their respective strategies and expectations towards research performers, are providing external research funding mostly allocated on a competitive basis.

As RPs become more dependent on external competitive funding for their research, they face a number of challenges. The nature of competitive external project funding has tended to encourage a short-term, reactive approach by RPs driven by the need to maintain the continuity of research and therefore to take advantage of whatever funding opportunity is available and securing the minimum funds needed to carry out the project, without regard to the full real cost involved. The manner in which many of the funding schemes offered by both European Commission and public bodies work (typically 3 year funding with detailed accountability on inputs) does not always allow RPs to adopt a coherent approach to developing and supporting their research strategies in the long term. There can also be tensions between the goals expressed by funders in terms of how they see RP-based research developing and the controls and regulations that are then imposed around individual project grants. Thus the question arises as to whether the implementation of funders' strategies takes account of the real needs of RPs. For example the European University Association, in its 2008 report on the financial sustainability of universities, found indications that accountability requirements in funding schemes can be too complex and that there was a real risk of rules and procedures limiting university autonomy or leading to complex bureaucratic reporting procedures.

There is no doubt that funders are in a position to impose co-financing and financial reporting models upon RPs and that these, while showing evidence of flexibility in responding to such conditions, are faced with having to develop multiple management and reporting systems to meet a variety of requirements imposed by funders. Co-financing requirements and cost eligibility differ from funder to funder and the evidence suggests that these have a significant impact on RPs' ability to manage and support their research infrastructure. It is important, therefore, that sponsors of research recognise this and, by entering into a dialogue with RPs, explore ways in which these impacts can be lessened and the effectiveness of research funding increased.

Governments have a responsibility to contribute to the sustainability of RP-based research activities and infrastructure, with the European Commission supporting this process at EU level on common strategic interests. Both should, therefore, ensure that this objective of financial sustainability in all its dimensions and implications is one of the principles underpinning all their research funding programmes. In this context the 2008 Expert Group on "Impact of external project-based research funding on financial management in Universities" recommended that Member States, working with the principal national funding agencies together with the European Commission should consider drawing up common funding principles ("good practice guidelines") for external funding. Both the EU and national public funders, as the principal funders of research have the means to coordinate their conditions and expectations around type of cost to

be covered, accounting, co-financing, time recording and reporting to lessen the burden on RPs and support the simplification process.

## 2. Stakeholders' Platform

In order to support the process the European Commission set up a Stakeholders Platform in early 2010 to develop the common principles for external funding. The objective of the Platform was to encourage a constructive dialogue between RPs and RFs in order to progress towards more responsible funding conditions for RPs for the direct benefit of the European Research Area. This Stakeholders' platform gathered on a voluntary basis European representative organizations - or their designated Observers - representing Research Performers and External Public Research Funders in Europe and was conceived as a framework for facilitating the mutual understanding between RPs and RFs as well as the acknowledgement of their commonality of purposes. The primary objective of the Platform was to identify ways to achieve greater streamlining of funding conditions for research across ERA and to promote responsible funding conditions by identifying common principles.

## 3. Aims

The aim of these Common Principles is that they should promote mutual understanding between research funders and performers, identify commonality of purpose, and create an environment for mutual recognition and comprehension. Key to the agreement of common principles is the joint responsibility of all actors in working towards consistent and appropriate funding conditions for research organisations for the sake of the competitiveness of European research and the successful building of the European Research Area. They should promote and encourage the sharing of best practice in the funding and management of RP based research. These might include, for example, appropriate reasonable reporting and accountability requirements, the identification of reasonable time recording methodologies, the highlighting of areas for greater commonality between funders, both at national and European level, and the potential for minimising the bureaucratic burden and administrative hurdles placed on universities and other research performers.

The principles will be of particular relevance to current discussions on Joint Programming activities.

There are three primary groups of stakeholders involved: Research Performers (universities and other research organisations); Research Funders (such as national agencies and the European Commission); and Governments (whether at national or regional level). Each is encouraged to adopt the principles set out in this paper in all their research funding activities. The aim is not to promote any EU standardization of research funding instruments, but rather to foster awareness on the key factors that make external research funding manageable and efficient for the direct benefit of the quality and the competitiveness of European Research.

The ultimate goal behind this document is to move towards a point where each and every stakeholder would test their actions, activities and processes against the three principles set out below, while being able to demonstrate their rationale, take responsibility for their actions, and learn to trust those others who act in the same way.

## 4. The Key Elements underpinning the Common Principles

**Rationale, Responsibility and Trust.** These key underpinning elements (*"Principles of Principles"*) give consistency to the whole model that has been used to identify the three basic principles. RATIONALE should guide all others principles and provide all necessary

explanations/justifications to give consistency to them and, ultimately, to the whole process followed.

Rationale may be defined as a reasoned exposition of principles, with clear identification and understanding of objectives. This would include an explanation of the logical reasons or principles employed in arriving at a decision and which justify any requirements. These would include liability and ownership, proportionality, impact of funding and sustainability as well as risk-taking. The rationality principle requires that funding schemes be specific in their objectives, procedures, funding decisions, etc. and that all corresponding information is communicated as openly and fully as possible, thus promoting a maximally inclusive playing field.

Responsibility is defined as a capacity to fulfil an obligation or duty in a reliable and trustworthy way. It entails a capacity to be held accountable, to act in a professional manner and to operate within legal and accepted practice. As such, responsibility is linked with trust.

Trust requires confidence in the ability, integrity, and reliability of another party, and entails acceptance of that party's ability to operate without undue investigation or audit. Trust is always something that is earned, not something that may be demanded – this may indicate that trust is more the outcome, the end product, of the procedures which are designed and implemented.

## 5. The Common Principles in Context

Excellence: General excellence, including the quality of management and processes. Having the capacity, ability, skills and attributes to manage research and its funding to a level which meets or exceeds both the needs and legitimate expectations of all stakeholders. This can be measured by the degree of compliance with processes or predetermined criteria.

Sustainability: The capacity to endure, to being maintained at a certain rate or level. For RP-based research, this means ensuring universities and research institutes have the ability to fully meet the requirements of the present without compromising their capacity to meet future challenges. This principle also means the maintenance of consistency and coherence, steadiness, with an absence of excessive fluctuations as well as adherence to core principles and conformity with previous practice. For RP-based research it means sustaining the research base. However it does not signify permanence of arrangements or resistance to change.

The sustainability principle requires that governments recognise the organisational complexity and cumulative nature of scientific endeavour including the necessary element of risk-taking. Thus, research funding systems must be designed and operated such as not only to support shorter-term, individual research projects but also to nurture and underpin the longer-term health of the ERA scientific eco-system.

Transparency: Openness, communication, clarity of decision-making processes, freely available and accessible information on policies and procedures, accountability. Transparent procedures include, for example: open meetings or publication of agendas and minutes; financial disclosure statements; external audits; identification and contact details of responsible officials. Transparency is a basic principle for the whole external funding process, but of specific importance in the initial stage, in particular for RPs applying for external funding.

This principle recognises the complexity of scientific eco-systems and the need to attract and retain talented individuals and organisations. Top-down orchestration of scientific activity (priority setting, budget arbitrage) must be completed by effective bottom-up mobilisation of talented individuals and organisations. Transparency requires that all desired players – individuals and organisations – have all necessary information to avail themselves of funding opportunities on equal terms.

## 6. Next steps

This paper represents a first step in a longer term process towards developing common principles governing external, project-based funding of research. All three stakeholders, be they Governments, Research Funders or Research Performers, are called upon to engage in a process towards adopting the principles set out in this paper in all matters relating to the funding and management of research activities. They are invited to develop mechanisms to support the assessment of performance against the principles identified and the sharing of best practice.

These mechanisms might include placing the Common Funding Principles and their characteristics in context with the main stages of implementation (as described below) and providing examples with respect to the experience and viewpoints of the various stakeholders and hence offer a more detailed and structured overview.

Four main stages of implementation are suggested:

- Policy planning and Programme design,
- Proposal Phase (incl. Call for proposals, Application/Submission process, Evaluation, Decision and Granting process),
- Project Phase (incl. Project implementation and management, Project reporting, controls/audits/verifications during project life time, etc.) and
- Post-Project Phase (incl. ex post audit, publication after the project, open access issues, IPR issues after project, tech. transfer, archiving project documentation and keeping “project memory”)

The next step of consultation with the representative stakeholder organisations should have the objective of providing a framework for the development of the principles building on best practice, ways and means of assessment and the experience gained.