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PROJECT – BASED RESEARCH FUNDING AND FINANCIAL MANAGEMENT IN UNIVERSITIES : what are the challenges ?

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European Research Area

Background context

- Modernisation Agenda for Universities :
 - excellence of research,
 - appropriate institutional strategies,
 - greater autonomy, greater accountability, greater strategic decision making
- Underfunding of research and HEI
- Increasing external project-based research funding and FP7 financial regulation
- Overall issue of financial sustainability of university-based research

Expert Group

on

‘ Diversified funding streams for University-
based research

Impact of external project-based research
funding

on financial management in Universities’

Launched in December 2007

The Expert Group

- 9 experts + 1 EUA observer / 1 year duration / Working method : 6 meetings and external inputs
- Final report delivered by end 2008- On going publication
- Complementarity with EUA Funding Project
- Focus on Research Funders
- 2 key principles : Financial sustainability of UbR / Research management

EG Mandate

- Provide a broad **overview** of the characteristics of external project-based funding mechanisms across EU 27, with a focus on their financial and accounting requirements and conditions;
- **Identify the impact** of these external funding requirements and conditions on the development of financial management capacity in universities;
- **Assess universities' different experiences and needs** with the aim of informing further design of future funding schemes;
- Consider the **degree to which the conditions of external funding can assist the move towards** full recovery of research costs as a major component of sustainability of university-based research (from both the perspective of the universities and external funders);
- Identify **recommendations of appropriate action** at European and national level.

EG Findings (1)

- Financial sustainability of UbR underpins its long term competitiveness
- Professional financial management goes together with excellent research
- Full costing implementation in universities has to be speeded up
- Design of research funding schemes do have an impact on Universities' internal modernisation processes (role of FP7 in this respect)

EG Findings (2)

- Overview of external research funding accross EU shows :
 - lack of consistency of financial requirements and conditions / terminologies : issue of **practicability and simplification** of research funding instruments
 - **low coverage of indirect costs** by competitive research funders

EG Findings (3)

- **Joint responsibility of all research actors** (universities / governments / funders) in addressing the overall issue of financial sustainability of UbR :
 - Purpose and volume of core funding provided
 - Common guidelines for public external research funding accross Europe
 - An objective basis for taking the true costs into account : performing analytical accounting systems in universities

EG Recommendations (1)

- **Responsibility at university level**

Recommendation for Strategic Development:

- Universities must recognise that excellence in research requires sound and pro-active management practices.
- Excellence in research and management go hand in hand, financial management is a condition for informed, strategic decision-making, in an environment where universities are expected to develop long term excellent research activities in line with their strategic profile.
- Full costing is an essential component of appropriate financial management of research in this context.

Recommendation for Action: Universities need to adopt full costing methodologies appropriate to their national legal requirements as a key tool for sustainable development.

EG Recommendations (2)

Shared roles and responsibilities for Member States and the European Commission

- **Recommendation for Strategic Development:**

Member States have a responsibility to contribute to the sustainability of the university-based research sector together with the European Commission supporting this process at EU level. Both should, therefore, ensure that this objective be one of the principles underpinning all the research programmes they fund.

- **Recommendation for Action:**

Member States, working with the principal national funding agencies in the first instance, but involving other research funders in time, together with the European Commission should consider drawing up Good Practice Guidelines for External Funding Terms and Conditions in consultation with universities.

EG Recommendations (3)

Role and responsibility at National level

Recommendations for Strategic Development:

- The financing of university infrastructure underpins universities' ability to maintain research excellence and competitiveness.
- In allocating core funding, Member States need to be clear about the purpose of that funding and recognise the cost of maintaining existing infrastructures as well as that of bringing them up to a globally competitive standard.

Recommendation for Action:

Where such an exercise has not yet been undertaken an assessment of the current state and competitiveness of university research infrastructure (both human and physical) in individual Member States will be necessary so as to identify priority areas for investment.

EG Recommendations (4)

- **Responsibility at European level**

Recommendations for Action:

As part of the mid-term review of Framework Programme 7, the Commission and the Member States should review the state of play across EU 27 on the ability of universities to identify the true costs of their research as well as the national support mechanisms available to them to do so, and should promote the sharing of best practice and mutual learning while taking into account national legal and structural constraints

Roadmap for further EU policy action

- Bring the issue of financial sustainability of UbR high on EU political agenda :
 - Fostering full costing implementation
 - Promoting financially sustainable and practicable funding schemes accross ERA
 - Raising awareness on shared responsibility of research actors for achieving these objectives
 - Seeking for greater commitment of national authorities and research funders

Next steps

- Presentation of the EG findings by the Commissioner to :
 - Competitiveness Council 6 march 2009
 - STOA Working Group 12 march 2009
 - CREST 3 April 2009
- Stimulate the debate at EU level with Policy makers and Stakeholders : ERA Conference, Brussels Autumn 2009 (towards possible Common Guidelines for external public research funding)
- Take up activities



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**Thank you
for your attention**

Final Report

Online on EUROPA website (latest news) :

http://ec.europa.eu/invest-in-research/index_en.htm