

Summary Report of the Forum of conference Research Connection 2009

„Full costing and FP7“

The Forum, which took place in Prague on 8 May 2009 in the framework of the conference Research Connection 2009 - the biggest event concerning research organized under the Czech Presidency of the Council of the EU - focused on the discussion of connection between FP7 and implementation of full costing systems by institutions (mainly universities and public research bodies) throughout Europe. This one hour forum attracted attention of almost 100 conference participants.

Invitation to the forum and programme can be found [here](#).

Sabine HERLITSCHKA (Austrian Research Promotion Agency, Director of European & International Programmes, Austria), opened the forum, gave the introduction to the issue of full costing and moderated further discussion. Ms. Herlitschka summarized in her presentation three main questions, which were expected to be addressed during the forum:

1. FP7 and implementation of full costing systems by institutions,
2. influence of FP7 financial rules on design, development and implementation of full costing
3. impact of existence/absence of full costing in Europe on FP7 projects and goals;

and introduced the Expert Group Report on “Impact of external project-based research funding on the financial management of Universities” and its main recommendations. Ms. Herlitschka is the chairperson of this expert group.

Presentation can be found [here](#).

Expert Group Report can be found [here](#).

Following the introduction each panel member introduces shortly his/her contribution to the forum and point of view on the issue of full costing.

Stefaan HERMANS (European Commission, DG RTD, Head of Unit Universities and researchers) approached full costing from a policy making point of view. He recalled that full costing implementation is rooted in EU's Modernization Agenda for Universities. Full costing is a tool to help universities develop greater strategic decision-making, set up appropriate strategies to diversify their funding streams, and better ensure the financial sustainability of their activities. He also placed this reform in the overall reflection to reduce existing barriers by better streamlining the current funding conditions for research across ERA. In December 2007 the European Commission launched an expert group chaired by Ms. Herlitschka, which was expected among others to consider the degree to which the conditions of external funding

can assist the move towards full recovery of research costs and formulate recommendations into the report (see Expert Group Report above).

Willem WOLTERS (Wageningen University and Research Centre, Head of Wageningen International Helpdesk, The Netherlands) presented the point of view of university which already has experience with implementing and running full cost. Mr. Wolters is also one of members of the Expert Group chaired by Ms. Herlitschka (see above). Mr. Wolters stressed that excellence in research is possible only when it is supported by excellent management. The subject of full costing might appear very technical but according to Mr. Wolters it is important to realize that full costing is not only about implementation of technical administrative rules, but more generally about implementation of new attitude in the institution and resource management. All people in the institution should be involved in the process and be aware of the benefits.

Thomas ESTERMANN (European University Association, Senior Programme Manager responsible for funding and finance issues in higher education and research) presented the point of view of the European University Association (EUA) and its study “Towards full costing in European universities”. Mr. Estermann explained that issue of full costing is not only a technical issue; it is more a matter of financial sustainability of institutions. For universities it is essential to know all their costs to be able to take decisions.

Study of EUA can be found [here](#).

Barbara TRAMMER (IPPT PAN, FP7 Financial National Contact Point, Poland) introduced situation in Poland. All universities are currently applying in FP7 projects for a 60 % transitional flat rate. No university has developed full costing so far. There has been so far almost no discussion concerning full costing in Poland, no common approach as well as no national support. Poland is now at the stage of raising awareness about the issue. Universities in Poland have given to full costing only little attention because core funding has been the main financial source so far. These days polish government is changing the policy: core funding is being reduced and project-based funding is introduced. However, the process of change towards full costing is very slow.

Michael SCHIJNS (SenterNovem/EG-Liaison, FP7 Financial National Contact Point, The Netherlands) presented the situation in the Netherlands. Issue of full costing started to be discussed there already before the start of FP7. Financial rules of FP7 were important driver for most Dutch universities to implement full costing already on January 2008. It was a lot of effort, but it shows that it is feasible. Dutch universities decided that in year 2010 will already all implement and run full costing. Mr. Schijns mentioned that each university has its own full costing model. Even though exchange of experiences and best practices is important, there is not one ideal model that could fit to all.

Lenka LEPIČOVÁ (Technology Center ASCR, FP7 Financial National Contact Point, Czech Republic) introduced the situation in the Czech Republic. Currently all universities

apply in FP7 for a 60 % transitional flat rate, but seven universities have been already working on developing full costing (hopefully they will implement them in the following years). Issue of full costing is currently broadly discussed at national level and the awareness of institutions as well as of fund providers and politicians is high. Currently is more attention given to the issue of full costing because of structural funds - in the biggest RTD program of Structural Funds in the Czech Republic (OP Research and Development for Innovation) full costing is an obligation for institutions who would like to get indirect costs reimbursed (eligibility criteria). This obligation is probably currently the biggest driver for universities to develop full costing. To raise awareness, in March 2009 conference on “Future of full cost in RTD in the Czech Republic” was organized. This even was supported by the Ministry of Education, the Research and Development Council and the Czech Rectors Conference. Deputy Minister of Education opened the conference and expressed support to the importance of this issue.

Conclusions and recommendations of the Czech conference can be found [here](#).

Main conclusions from the discussion:

- Mr. Wolters stressed that FP7 is important driver for implementing full costing but shouldn't be the most important one. Institutions shouldn't implement full costing only because of FP7, but primarily because of their internal managerial and strategy needs and financial sustainability.
- Mr. Wolters warns not to underestimate time necessary to fully successfully implement full costing. Enough time for preparation of the methodology is crucial for the success. It is necessary to make sure that all stakeholders (mainly professors) know what is behind the full costing methodology at the institution. The problematic topic of cultural academic resistance, time sheets in particular, should be addressed on time. Financial officers need also enough time to collect all necessary data. Negotiation with the European Commission concerning certification of the methodology for FP7 purposes is also time demanding.
- From the point of view of the European Commission the process of implementing full costing in Europe is described as “too slow and too little”. Cultural resistance and the lack of sufficient technical expertise are playing a role here. The European Commission wants to support stakeholders and facilitate to raise awareness concerning full costing. However, cooperation and willingness to speed up the process has to come also from public authorities, fund providers and universities. Universities have to improve their professional financial management and expertise (technical skills).
- From the point of view of Mr. Estermann awareness about full costing and its importance has improved in Europe during couple last years a lot. Two and half years ago full costing was only technical issue, now it is on the top of political agenda and broadly discussed among management of the universities. According to the EUA study situation throughout Europe is very heterogeneous – some institutions/regions/countries are advanced by implementing full costing, some of them are at the point of ongoing discussions and some are only at the point to start the discussion. These “different speeds” have to be respected

and incentives to these different groups have to mirror their needs. In the past, it was assumed that the main driver behind the move to identify full costs was FP7, but the study revealed that the most important driver is the use of full costing as an institutional strategic management tool. Mr. Estermann pointed out that it is important for the university to have picture of all its activities and thus FP7 is important driver, but shouldn't be the only one. According to Mr. Estermann is now important to continue to raise awareness in all European countries (politicians should be involved), to build up expertise – to have right stuff in place (consultancy support and support at national level is necessary) and ensure autonomy of institutions.

- Participants and all panel members agreed that it is necessary to work on common terminology and clarification of terms (definitions) connected with full costing (e.g. what belongs to indirect cost).
- Responding to a question on the **future of the 60% FP7 transitional flat rate beyond 2010**, Mr. Hermans indicated that while a final decision is still to be taken, Commissioner Potočník has already indicated that the Commission has been exploring all possible options, including maintaining it at the current rate **in order** to safeguard proper and sustainable participation conditions in the Framework Programme for European universities. Such approach would be combined with further promotion and support to full costing implementation.
- Mr. Wolters stressed the difficulty currently faced in FP7 by institutions already having full cost which are considered to be too expensive to join a Consortium. Possibility of using longer 60% flat rate can help institutions in transitional period, but at the same time could slow down the preparations for a transition towards full costing.
- Ms. Herlitschka underlined the problem of the different rules and requirements of other external fund providers concerning full costing. It was also recommended to create Common guidelines.
- Ms. Trammer concluded that in Poland is now a challenge to raise awareness, Ms. Lepičová considers exchange of best practices and building up expertise as the most important issue these days in the Czech Republic.

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