

# Euro BioImaging

## Preparatory Phase II Project

### D4.2 Hub financial contribution scheme

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**Abstract**

The ERIC guidelines published by the European Commission require that the details of members' obligations to contribute to a balanced budget of the EuBI ERIC, are outlined to ensure the sustainability of the research infrastructure over its lifetime. These provisions, in combination with the conditions for withdrawal of membership, should, as a minimum, ensure financing for the first five years of the lifetime of the ERIC.

Deliverable D4.2 outlines the EuBI ERIC Hub financial contribution scheme and indicative figures for the countries, which are currently Members of the EuBI Interim Board (IB), as approved by the IB at their 11<sup>th</sup> meeting in Vienna on July 5<sup>th</sup>, 2016. The Annex of D4.2 includes the approved draft Chapter 4 of the EuBI ERIC statutes on "FINANCE, LIABILITY AND CONTRIBUTION MODEL".

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**1. Introduction**

Deliverable D4.2 outlines the EuBI ERIC financial contribution scheme for the EuBI Hub, as approved by the EuBI Interim Board at their 11<sup>th</sup> meeting in Vienna on July 5<sup>th</sup>, 2016. The scheme lays down the calculation formula for the future members of the EuBI ERIC and the related financial contributions by the current 16 countries represented in the Interim Board.

In Deliverable D4.1, the EuBI PPII consortium presented the indicative resource requirements associated with the service, coordination and support activities provided by the EuBI Hub. D4.1 is the basis for drafting of the first five years financial plan for the EuBI ERIC, required by the draft EuBI ERIC Statutes and which allows planning and transparency on long-term costs for the Member States. On its 10<sup>th</sup> IB meeting in Frankfurt, the Interim Board agreed that the EuBI ERIC will only start to operate when at least 60% of the basic budget for operation is available by financial contributions from the EuBI ERIC member countries.

The approved financial contribution scheme will be included in the draft EuBI ERIC Statutes for submission to the EC, also to prove financial sustainability which is essential for a successful evaluation of the ERIC application by the EC.

When discussing and deciding on the basic budget for operation (see D4.1) and the financial contribution scheme, the EuBI IB recognized that the budget should commensurate with the infrastructure's tasks and objectives, facilitate the establishment of the ERIC and allow the research infrastructure achieving maturity, especially during its important start-up phase.

## 2. EuBI ERIC Hub – Financial contribution scheme

### 2.1 Decision process in the EuBI Interim Board on the financial contribution scheme

In order to be ready for submission, the draft statutes of the EuBI ERIC need to include the commitment of the members to make contributions to a balanced budget (see draft statutes Chapter 4, Article 13 in the Annex). Proving financial sustainability is essential for a positive evaluation of the ERIC application, and contribution should be commensurate with the infrastructure's tasks and objectives. The minimum duration of membership should be appropriate for the purposes of the ERIC, and provision on contributions plus conditions for withdrawal of membership should, as a minimum, ensure financing of the ERIC for the first five years of its lifetime.

Considering that the EuBI ERIC brings together as its Nodes established imaging facilities across Europe, thus leveraging on existing capabilities and services, the budget that enables the infrastructure's basic operation concerns the activities carried out at the Hub. The Hub proposal commonly submitted by Finland, Italy and EMBL was approved by the IB at their 8<sup>th</sup> meeting in Turku (Oct 21, 2015). At the time being, the overall financial contribution scheme can therefore be identified with the framework necessary to guarantee the EuBI Hub operation. The Hub operation involves support activities for the Nodes (including coordination of user access to the Nodes; coordination of user and staff training activities; strategic support for Nodes; support on the day-to-day management of image data produced at the EuBI Nodes, etc.), but the Hub does not perform Node operation activities itself.

The EuBI Interim Board convened for several meetings during EuBI Interim Phase, to prepare, discuss and decide on the presented financial contribution scheme for the draft Statutes of the EuBI ERIC (IB meetings in Brussels 12.05.15, Frankfurt 14.01.16; Rehovot 09.03.16; Vienna 05.07.2016). During these meetings, the EuBI PPII Legal Advisor (WP2 lead) introduced the topic and presented an overview on the legal background, elements of the contribution model and status of current discussion among IB Members. In the first discussion on this topic in the Frankfurt meeting, the IB already favoured the approval of a five-year financial plan, from which the yearly budget would be derived. This will be closely linked to the five-year strategic plan of the EuBI ERIC.

The EuBI IB discussed various financial models, applied by other, already existing European Research Infrastructures, to calculate the contribution of member countries, including models based on

- Different economic indicators, such as net national income, nominal GDP, GDP per capita, etc., as calculation factor
- Equal share for all EuBI ERIC countries
- Mixed models with fixed and variable parts.

During their meetings and by written communication, the discussion in the Interim Board focused early on the structure of a mixed contribution model (mainly, the percentage of fixed versus variable component) and the use of new contributions from additional members not included in the financial plan.

Several models were submitted for discussion by the different members in the EuBI Interim Board, most of them suggesting mixed models with a lower flat rate (0-40%) plus GDP-based top-up (60-100%). A mixed model in which the basic flat rate is (significantly) lower than GDP factor was preferred by mostly by a group of countries with lower GDP. The group of countries with higher GDP generally preferred in principle a model based on flat rate, but a mixed model with at least a 50% flat rate component was considered acceptable for discussion.

The EuBI Interim Board also discussed the procedure and implication for the contribution scheme in the case of additional new members joining the EuBI ERIC in the future, participating with their additional

financial contribution. An important consideration was that in the first years of infrastructure lifetime, sufficient funding is required so the Research Infrastructure can start operation and build up its services. In addition, if approved budget numbers in the ministries are amended, it might become very complex to implement those budget changes due to cumbersome internal administrative processes. It was agreed to include the contributions of new members as additional contributions to the budget until the end of each financial plan.

**In their final decision on the 11<sup>th</sup> meeting in Vienna on July 5<sup>th</sup>, 2016, the EuBI Interim Board decided on a mixed model with a flat rate (40%) and a GDP (60%) component, to calculate the financial contribution by member countries to the EuBI Hub.**

## 2.2 Financial contribution scheme for the EuBI ERIC

Here, the indicative financial contribution by each member country currently on the EuBI Interim Board, has been calculated based on the approved mixed model, 40% flat rate and 60% GDP. The calculation shall be based on the figures gathered during the three preceding calendar years for which statistical information is available (data was derived from International Monetary Fund). The contributions are calculated in Euro (€).

**Calculations for (40% flat rate / 60% GDP) mixed model based on the projected budget for basic operation EuBI ERIC (€ 1.541.360 / year)**

16 Countries	GDP-based difference (60%)	Flat rate (40%)	Annual contribution
Austria	29.886,51 €	38.534,00 €	68.420,51 €
Belgium	36.407,91 €	38.534,00 €	74.941,91 €
Bulgaria	3.892,22 €	38.534,00 €	42.426,22 €
Czech Republic	14.545,23 €	38.534,00 €	53.079,23 €
Finland	18.759,42 €	38.534,00 €	57.293,42 €
France	195.356,06 €	38.534,00 €	233.890,06 €
Hungary	9.381,66 €	38.534,00 €	47.915,66 €
Israel	20.120,32 €	38.534,00 €	58.654,32 €
Italy	148.889,15 €	38.534,00 €	187.423,15 €
Norway	35.961,24 €	38.534,00 €	74.495,24 €
Poland	36.825,47 €	38.534,00 €	75.359,47 €
Portugal	15.790,27 €	38.534,00 €	54.324,27 €
Slovakia	6.839,08 €	38.534,00 €	45.373,08 €
Spain	96.037,29 €	38.534,00 €	134.571,29 €
The Netherlands	60.395,44 €	38.534,00 €	98.929,44 €
United Kingdom	195.728,74 €	38.534,00 €	234.262,74 €
SUM	924.816,00 €	616.544,00 €	1.541.360,00 €

With regard to contributions of new Members the IB agreed, as reflected in Article 14.4 of the draft EuBI ERIC Statutes, that in case of accession, withdrawal or termination of EuBI Members during the current Financial Plan, the financial contributions of the remaining EuBI Members shall remain unchanged.

### *2.3 Observers*

The EuBI Interim Board also discussed and decided conditions and financial contribution by countries who are not yet ready to become members and which wish to join the EuBI ERIC first as Observers. With regard to the contribution of Observers the IB agreed, that observers shall pay 30% of the contribution which they would have to pay if they were a EuBI Member.

## ANNEX – Excerpt from the EuBI ERIC Statutes

### CHAPTER 4. FINANCE, LIABILITY AND CONTRIBUTION MODEL

[Approved in the 11<sup>th</sup> IB meeting in Vienna, July 5<sup>th</sup>, 2016]

#### Article 12. Resources

The resources of EuBI ERIC shall consist of the following:

- a) financial contributions due under Article 13.1 and 13.2;
- b) grants; and
- c) other resources within limits and under terms approved by the EuBI Board.

#### Article 13. Contributions

##### 13.1 Contributions of EuBI Members

- a) EuBI Member Countries are jointly responsible for ensuring that the EuBI ERIC activities are sufficiently funded and to maintain a positive cash balance in their annual contributions.
- b) EuBI Member Countries shall make annual contributions to the EuBI ERIC budget in accordance with the Financial Plan, as described in Article 14.
- c) EMBL will not provide financial contributions.
- d) Contributions by other intergovernmental organizations will be decided by the EuBI Board on a case-by-case basis.

##### 13.2 Contributions of Observers

Observers shall pay 30% of the contribution which they would have to pay if they were a EuBI Member.

##### 13.3 Space

In addition to the contribution due under Article 14.2, EuBI Members hosting the Statutory Seat, the Bio- and Med-Hub shall provide space for the coordination activities of the EuBI Hub described in Article 2.4 in accordance with the scale foreseen for basic operation. For the sake of clarity, support and infrastructure costs incurred by the Hub hosts will be recovered from the EuBI ERIC budget.

#### Article 14. Financial planning and calculation of contributions

##### 14.1

Every five years the EuBI Directorate shall submit a Financial Plan proposal to the EuBI Board for consideration and approval. The Financial Plan sets out the basis for each EuBI Member Country's contributions in this five year period and the maximum agreed budget for EuBI ERIC for the same period. The Financial Plan shall be based on the EuBI Strategic Plan.

**14.2** Contributions shall be calculated once at the beginning of every Financial Plan. Each EuBI Member Country's annual contribution will be composed of two parts:

- a) a fixed amount, representing 40 % of the total annual EuBI Member Country contributions;
- b) a variable amount, representing 60 % of the total annual EuBI Member Country contributions, based on the EuBI Member Country nominal gross domestic product during the three preceding calendar years for which statistical information is available.

**14.3** Contributions shall be calculated and paid in Euro, notwithstanding Article 15.

- 14.4** In case of accession, withdrawal or termination of EuBI Members during the current Financial Plan, the financial contributions of the remaining EuBI Members shall remain unchanged.

#### **Article 15. Financial and in kind contributions**

- 15.1** Annual contributions to the EuBI budget shall be by default financial contributions.
- 15.2** The EuBI Board may approve in kind contributions proposed by a EuBI Member or Observer, subject to the procedure and additional criteria set in the in-kind contribution policy approved by the EuBI Board, and provided that the EuBI ERIC has sufficient financial resources to face its financial engagements according to the five-year Financial Plan and the Strategic Plan.
- 15.3** In kind contributions must be quantifiable and auditable, providing the EuBI ERIC with the same value as a financial contribution. Their declared value shall be professionally evaluated by a committee of experts. Such an evaluation shall also take into account the added value for EuBI ERIC given its current resource structure and the possible coordination costs created.
- 15.4** The internal in-kind contribution policy shall establish the maximum percentage of in kind contributions allowed.
- 15.5** Where in kind contributions consist of assets, a separate agreement will be entered into between the respective EuBI Member or Observer and EuBI ERIC in order to clarify ownership rights and other relevant matters.
- 15.6** Where in kind contributions consist of the secondment of local staff to EuBI ERIC, the EuBI Board shall approve selection criteria for the relevant position. The EuBI Board will only approve the in kind contribution if the specific criteria are satisfied.

#### **Article 16. Budgetary principles, accounts and audit**

- 16.1** The financial year of EuBI ERIC shall begin on 1<sup>st</sup> January and end on 31<sup>st</sup> December of each year.
- 16.2** The EuBI Directorate shall present to the approval of the EuBI Board a budget for the following year no later than 1<sup>st</sup> October.
- 16.3** The accounts of EuBI ERIC shall be accompanied by a report on budgetary and financial management of the financial year.
- 16.4** EuBI ERIC shall be subject to the requirements of the law of the country where it has its Statutory Seat as regards preparation, filing, auditing and publication of accounts.

#### **Article 17. Tax and excise duty exemptions**

*This article is still pending*

#### **Article 18. Liability and insurance**

- 18.1** EuBI ERIC shall be liable for its debts. For the sake of clarity, EuBI ERIC shall not be liable for liabilities arising in EuBI Nodes.
- 18.2** EuBI Members and Observers are not jointly liable for the debts of EuBI ERIC. The EuBI Members' and Observers financial liability for the debts of EuBI ERIC shall be limited to their

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respective annual contribution as specified in Article 13. For the sake of clarity, this provision covers both financial and in kind contributions.

- 18.3** EuBI ERIC shall take appropriate insurance to cover the risks specific to the operation of the EuBI ERIC.