

INPACT Priority XIII

Mid-term review, post 2020 planning, MFF/H2020-30: impact on innovation.

Notes of Breakfast Meeting, 11 April 2017, European Parliament, Brussels

MEP Stewards: Lambert van Nistelrooij (EPP, the Netherlands) and Andrey Novakov (EPP, Bulgaria)
Markku Markkula: President of the European Committee of the Regions (CoR)

In line with the main points reported from the first Working Group Meeting on this topic (12 October 2016), the discussion focused on four topics for the future Framework Programme (herein called FP9):

1. Bottom-up or top-down approach;
2. Evaluation;
3. Public versus private investment; and
4. Instruments and operational approaches.

1. Bottom-up or top-down approach

The three pillars of H2020 function quite well but each in their own silos. There needs to be **more bottom-up action at the ecosystem level** and then to **network the ecosystems**. To this would be added specific actions where needed. Europe needs to use the knowledge it creates, the best excellence should be well-connected with those who use the results of research and innovation. Impact and especially societal impact is important – be it in the short- or long-term – and, to help this, projects need to be undertaken in an environment that is more flexible during their whole lifetime. The best (whatever way that is defined) need to have more flexibility in using money, including enabling spin-ins to projects.

It was proposed that there might be a summit in Brussels, even producing a draft budget for FP9. The under-funding needs to be quantified. With EUR 80bn, we lack about EUR 40bn to reach EU goals (based on 2012 prices). The implication is that **EUR 140 bn will be needed for FP9**. But it is not just a case of increasing the ceiling but also of **spending more effectively**. The FPs are the biggest publishers in RDI but the US has the more influential publications.

It was felt that the **system needs to be more coherent**. Currently, for many countries, the system is too complex with too many programmes.

There should be **a variety of bottom-up approaches**, not one size fits all, with single projects (e.g. SME instrument) and PPPs (also supporting changes for more actors (companies)), etc.

The Regional Innovation Ecosystems publication (CoR guide) was mentioned and the **potential for FP9 of increasing its regional emphasis** in order to be more effective (including smart regions, smart cities and combinations of these). There was a question around the **synergies of FP9 with the Structural Funds**. Also, to get the most from excellent research across the EU, **teaming and collaborations** between east and west was seen as important. However, concerns were expressed that the selection of projects was not transparent enough and that it was **not always the best project that was selected** but perhaps the one favoured by local politics. It was agreed that the **excellence should continue to be fostered** through the relevant measure or pillar in FP9.

While some wanted reduced bureaucracy and the number of audits, it was seen as **important that a balance of accountability be reached**. With funding per project of up to EUR 2.5 million per project, there must be reporting and responsibility. It was noted that a lump sum method is to be piloted in H2020 in 2018-2020. One option on accountability is to rely on the bottom of the triangle (e.g. the regions or cities) to manage this aspect.

2. Evaluation

What should be the **quantity and type of evaluation** for a programme lasting five or seven years or longer?

One aspect is to look at the **impact of the FPs on societal challenges**. Money should be available to bring forward the results out of H2020 that could have a high impact, enabling the next steps to be taken quickly.

As the Framework Programmes only form a small part of European RDI funding, the majority being distributed by Member States themselves, they should be seen as an add-on, albeit an important one ('the cherry on the cake'). Therefore, evaluation of true European added value could be better achieved **if Member States would measure with same criteria as at EU level**. National parliaments do not currently discuss European added value.

3. Public vs private investment

Measures such as the **Joint Technology Initiatives (JTIs) were viewed as effective** in terms of their having ownership of what they do and achieve, their putting in their own money, and their being mission driven, giving greater impetus for delivery. The ten current JTIs merit mention in K4I reports.

Concerns were expressed about some of the projects being financed under the EC Investment Plan for Europe ('Juncker Plan'). While being intended (in part) to fund higher risk projects, it is seen to fund a motorway in Germany, a paper plant in Finland and a hospital in UK. While they may all have innovative aspects, that is not always clearly evident. Instead, laboratories producing results that can be commercialised could be more appropriate use of resources.

The importance of **staying connected to the next generation** was highlighted, including students, as well as the fostering of spin-offs via incubators and accelerators (including those for high risk areas).

The SME instrument was appreciated but **low success rates of applications frustrate companies**. It was asked whether there might be some mechanism to help those not selected (via private investors).

The **importance of taking a long-term view** was highlighted. Not all technologies come to fruition in the same short term as ICT can, for example.

There is also a need to **support the whole value chain**, including large industries, from research to demonstration to deployment of innovations. There are gaps in the funding stream (examples mentioned were in the areas of pilot plants and also for high risk areas where large industry could be better supported with public money as they cannot always take the risks themselves). Support is needed for the whole innovation system including, in appropriate areas, large industry. Where there are gaps after the research stages and the risk is too high for European industry to take alone, EU research results then benefit non-EU industries (e.g. in organic electronics developed in the EU but commercialised by Samsung).

It was suggested that **TRLs (technology readiness levels)** be removed from the discussions as this would fit with the increase in mission orientation that people are talking about with FP9. However, this might be relevant for only the early part of the value chain, the initial research) and overall TRIs were useful as a discussion tool.

4. Instrument and operational approaches

Research and innovation cannot be disconnected from the **regulatory framework**. Good regulation, but not necessarily more regulation, is needed to enable research to be developed and commercialised.

Funding should be provided across the **appropriate timeframe** according to the type of **activity, point on the value chain and technology concerned**.

Funding for **inter-regional co-operation** can be better fostered if people who want to network are enabled to do so. It is not always the case that recipients are actively looking for other people who are doing similar things. Good activities on smart specialisation could be learnt from.

There are areas (such as advanced materials) in which Europe is strong and could benefit from a JTI, although to date the success rate is low (even for projects reaching threshold). It was noted that it was **not possible to fund everyone**.

In the **final tour de table**, the following points were noted:

- The European Technology Platforms (ETPs) should be more visible in FP9 discussions and they should be invited to come up with ideas for FP9. (It was noted that PPPs act as a complement to the ETPs.)
- PPPs such as the JTIs should be maintained PPP as they are good tools to bring stakeholders together. However, they should have specific rules not those of H2020 rules (where the burden is too heavy).
- Given the greater industry focus in H2020, there are now examples of good practice and things that work (e.g. collaborative mechanisms between industry and research). Information about these should be communicated and disseminated so they can act as role models. The relevant mechanisms should be built on in FP9.
- The importance of measures to simplify international co-operation was highlighted.
- InnovFin (<http://www.eib.org/products/blending/innovfin/>) as a mechanism for higher risk activities. There will be a move the last part of H2020 to increase funding for this risk-tolerant scheme.
- EU funding cannot cover everything. Joint Programming is important, but needs to be streamlined and simplified. Member States should more accountable and adhere to 3% target.
- The 'Open Innovation' focus is welcome but there are areas where it should not apply. Some things have to happen in a closed environment for confidentiality or they will not progress.
- What is the role of K4I in the incentives review?

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11th April 2017*