

## INPACT Priority XIII

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

Notes from 1<sup>st</sup> Working Group Meeting

12 October 2016, European Parliament, Brussels

Hosted by Lambert van Nistelrooij MEP (EPP, The Netherlands)

Vicky Ford MEP (ECR, UK)

Andrey Novakov MEP (EPP, Bulgaria)

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**MEP Stewards:** Lambert van Nistelrooij (EPP, the Netherlands), Vicky Ford (ECR, United Kingdom) and Andrey Novakov (EPP, Bulgaria)

**Objective:** to come to a common understanding on the definition and goals of the WG, next steps

**Participants** see annex

#### Short summary

Key discussion points:

- The goal of the exercise is not to duplicate the mid term evaluations currently underway and re invent the wheel regarding the indicators, but to pick up on the core elements from the INPACT perspective and monitor the progress on these
- **Bottom up or top down** approach in H2020? When developing a long term investment strategy the top down approach is more suitable, as it will allow for longer term stability and certainty for all stakeholders involved. One downside is that a top down approach will put much pressure on the future prognosis. In addition when there is a need for reaction to new developments or if for instance disruptive innovation is an objective, the top down approach will be inappropriate and a bottom up approach is essential in supporting the role of European research and innovation. A multilevel or hybrid approach that caters for both top down and bottom up, as well as balance coordination, flexibility, simplification and to ensure long-term stability.
- **Evaluation:** debate on
  - Qualitative versus quantitative indicators: a differentiation within the evaluation may be needed, purely quantitative indicators only tell part of the

story, and do not measure the quality of outputs and results. Flexibility is required in ex ante approach and programming (Indian case referenced)

- the effects of the change of duration of next MFF from 7 to 10 years. It is crucial to improve the evaluation tools and make the evaluation less bureaucratic. However there are as many pro's as there are con's to this prolongation of the programming period.
- **Public versus private investment** for innovation support, points of discussion:
  - Strongly depending on the phase (TRL), on a scale from basic research to market deployment (which is not linear), public investment decreases and private investment increases (in accordance with the traditional view). Key arguments to stay on this track include the procedures and timeliness, close to market requires fast and simple processes, which are not served by the Grant procedures;
  - To combine both in a single instrument (mix) will probably not work as the complexity is too high and needs, timescales, required investment and the stakeholders differ significantly during the different stages.
  - There is no one size fits all: in some Member States the national funding system is weak, and co funding is subsequently limited or even absent, therefore private investment and/or regional funding (ESIF/ERDF) is needed at all stages to meet the needs of the stakeholders
- Instruments and operational approaches:
  - In general rules need to be simpler and adapted to the needs of the stakeholders
  - PPP's are seen as a good instruments, despite some negative effects (i.e. less money for the regions) and there is a need for speed, the competition is not sleeping and long and procedures (example Shift2Rail). As different sectors have different needs, there may be a need to differentiate rules and processes (both operational and programmatic). The Finnish TEKES model is explained as a successful example.
  - Synergies and synchronisation require much more attention:
    - Alignment of calls, evaluations and requirements
    - Synergies have to be fostered both between actors, and the different levels of instruments.
    - Public and private investment need to be synchronised, else the public investment cannot be leveraged
    - Many regions have no access to cohesion funds, which puts them at a disadvantage (for instance seal of excellence), and may lead to a distortion of allocation of funds and 'plugging holes' rather than strategic investments

## **Background and introduction**

The European Union since many decades has in place the largest public funding program on research. The major change made in 2014 was to add under Horizon2020 innovation to the excellent research Framework Programs. This integration means to combine 2 areas which follow different drivers and are being judged against different dedicated impact criteria. Impact of Knowledge creation through research and invention is mainly based on publications, international participation and patents. Innovation is successful of bringing this knowledge quickly to market-near solutions with the aim to create economic value for society and industry.

Now after 4 years, Horizon2020 is subject to an interim evaluation. The results of this evaluation expected to be published in Mid 2017, can guide priority setting and focus of the final phase from 2018 to 2020. The discussions on the mid-term review will also have an influence on the next European research and innovation approach beyond 2020.

This context raises the following urgent questions for which we need answers:

- How to improve in the future prognosis and measurement of impact ex-ante to allow for priority setting in the planning phase of such a large public investment? The currently performed model of ex-post evaluation is quite late to provide this?
- Is the current pre-dominantly applied broad bottom-up approach derived from research still the best approach for innovation? Or does it need to be balanced by a top-down political approach to give guidance, certainty and reliable frameworks to private investors as currently in place in other regions of the world?
- Should the EU focus it's innovation support predominantly on enabling and facilitating private investments through public co-funding with focus on public-private risk-sharing, rather than fully public funding of projects? How to do this practically, while avoiding increased complexity and time delay?
- How should the next approach be structured? More focus on Europe, more public-private partnerships; better synergies and interlink between national programs, regional funds, SME programs and other dedicated investment programs targeted at innovation to allow smooth transition of innovation from research to innovation in the speed required vis-a-vis global competition?
- Should the focus be only on political and societal solutions? A major part of industry (> 20 % EU GDP) is positioned along value chains; security of supply of Europe

- Research and innovation based on technology building blocks requires a dedicated funding and investment scheme to keep EU competitiveness and support EU re-industrialisation?

September 25th

Gernot Klotz

#### Annex – Attendees list

<b>Title</b>	<b>First Name</b>	<b>Last Name</b>	<b>Organisation</b>
Mr	Konstantinos	Aligiannis	European Nursing Research Foundation (ENRF)
Mr	Gregory	Arrowsmith	EUREC
Ms	Christine	Balch	TNO
Mr	Paolo	Casalino	Regione Puglia Brussels Office
Mr	Robbert	Fisher	JIIP
Ms	Vicky	Ford	EP
Mr	Nicolas	Furio	UNIFE - The European Industry Association
Ms	Jolanda	Hekman	Hanze University of Applied Sciences
Ms	Martin	Müller	SwissCore
Mr	Andrey	Novakov	EP
Mr	Vincent	Pieterse	Pieterse.com
Ms	Taina	Tukiainen	CoR
Mr	Lambert	van Nistelrooij	EP
Mr	Marijn	Verhees	EP
Mr	Kalin	Zahariev	EP
Ms	Marion	Zosi	EP