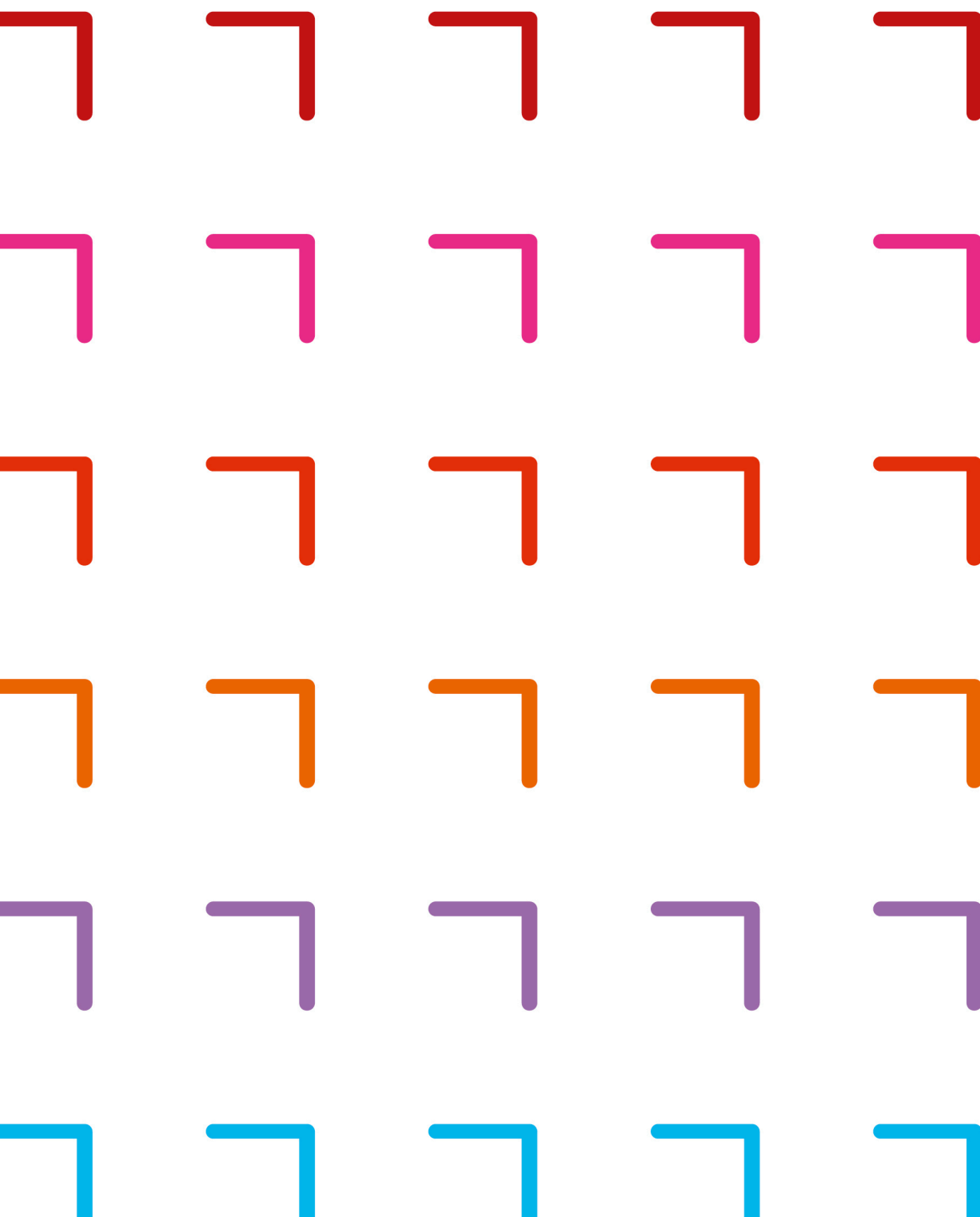


ADVISORY REPORT 157
VRWI RESPONSE TO
EC GREEN PAPER:
TOWARDS A COMMON
STRATEGIC FRAMEWORK
FOR EU RESEARCH AND
INNOVATION FUNDING
26 APRIL 2011



ADVISORY REPORT 157
VRWI RESPONSE TO
EC GREEN PAPER:
TOWARDS A COMMON
STRATEGIC FRAMEWORK
FOR EU RESEARCH AND
INNOVATION FUNDING
26 APRIL 2011

CONTENTS

- 1. VRWI WELCOMES CONCEPT OF COMMON STRATEGIC FRAMEWORK**
- 2. MAKE THE MOST OF SYNERGIES...**
 - 2.1. Retain focus on support for R&D**
 - 2.2 Ensure better support during R&D follow-up stage**
 - 2.3 Valorise the potential of synergies**
- 3. ...WITHOUT COMPROMISING ON OBJECTIVES**
- 4. SUPPORT ON BASIS OF EXCELLENCE AND INNOVATION POTENTIAL**
 - 4.1. Joint Programming**
 - 4.2. Co-funding**
- 5. SMART SPECIALISATION**
- 6. RESEARCH INFRASTRUCTURE**
- 7. ADMINISTRATIVE AND REGULATORY SIMPLIFICATION**

BACKGROUND

On the 9th of February 2011, the European Commission presented a Green Paper which proposes major changes to EU research and innovation funding. These changes aim to make participation easier, increase scientific and economic impact and provide better value for money. The changes would bring together the current Framework Programme for research, the Competitiveness and Innovation Programme and the European Institute of Innovation and Technology.

In its consultation on the Green Paper the Commission sought the views of all stakeholders. Given both the crucial role of research and innovation in ensuring the future prosperity and competitiveness of Flemish economy and society as well as the importance of European funding in realising these objectives, the VRWI decided to formulate a formal response to this consultation. In doing so, the VRWI wanted to ensure that those issues most relevant for the advancement of research and innovation in the Flemish context are put in the limelight.

1. VRWI WELCOMES CONCEPT OF COMMON STRATEGIC FRAMEWORK

The Flemish Council for Science and Innovation (VRWI) welcomes the concept of a Common Strategic Framework (CSF) for EU Research and Innovation funding. At the moment various programmes exist to support research and innovation at EU level, but often without duly referencing to each other. The VRWI has stressed on previous occasions the need to pool various European R&D resources and programmes, so that regulations can be harmonised and knowledge institutions and business can gain easier access. Therefore, any move towards integrating the various support schemes must be welcomed as a step in the right direction. The CSF sets itself the laudable objective of bringing together the current Seventh Framework Programme (FP7), the Competitiveness and Innovation Framework Programme (CIP) and the European Institute of Innovation and Technology (EIT). It is important that the future CSF becomes more than just a mere bundle of separate funding schemes, but rather a true overarching framework that makes the most of synergies between different funding schemes.

While the Cohesion policy funds destined for research and innovation will not actually form part of the CSF, one of the ambitions of the CSF is to ensure better synergies and leverages between this programme and the other EU sources of research and innovation

funding. Given the amount of funding available through the Cohesion policy, the VRWI stresses the importance of effectively realising the potential of these synergies.

This response to the Green Paper selectively addresses those questions from the consultation, which the VRWI considers most relevant for the advancement of research and innovation in the Flemish context.

2. MAKE THE MOST OF SYNERGIES...

Q2: How should EU funding best cover the full innovation cycle from research to market uptake?

VRWI view:

- **Retain focus on supporting for R&D**
- **Ensure better support during R&D follow-up stage**
- **Valorise potential of synergies**

2.1. Retain focus on support for R&D

The CSF will continue to be an instrument for pooling European R&D resources. The horizontal and enhanced objective of promoting innovation does not alter that conclusion. The CSF has most to gain from a clear focus on support for R&D (i.e. no 'radical shift'), but with a relevant set of instruments. Acknowledging the key role of R&D in creating innovation has implications for the CSF's overall structure as well as the content of its instruments and programmes.

In view of the importance of R&D as decisive factors for the creation of innovation, the CSF has to be able to rely on a significant level of funding. Higher budgets are recommended: low success rates are currently discouraging excellent researchers to apply and will result in brain drain.

2.2. Ensure better support during R&D follow-up stage

The acknowledged continuum between R&D efforts and R&D-driven innovation underlines the need for the future CSF to feature an innovation programme specifically focused on facilitating the transfer and application of R&D results. The current Competitiveness and Innovation Programme (CIP) should undergo a root-and-branch assessment. The R&D-relevant innovation measures that are positively evaluated should then be incorporated in an innovation promotion programme under the CSF.

Businesses require better support during the follow-up stage of R&D projects. Thus, complementary to the support instruments provided by Member States and regions, the European innovation programme should roll out suitable instruments for technology validation and demonstration projects close to market. Instruments should provide a continuum of support throughout the innovation chain. This way consortia of projects carried out under the research programme can proceed smoothly towards the instruments of the innovation programme, via a constantly accessible application procedure and without the need for a new and lengthy evaluation process.

2.3. Valorise the potential of synergies

Introducing an overarching common framework should allow for increased valorisation of synergies between programmes and for a smoother transition through the stages of the innovation cycle.

The VRWI is in favour of a limited number of channels or schemes, each with clear specificity. A distinction is to be made between research programmes or schemes with a focus on innovation and/or societal impact and programmes or schemes with an alternative focus (research excellence, research training and career development...). The synergy should lie in the fact that successful R&D projects (that have generated results with clear application potential) are transferred by means of effective and transparent handover mechanisms to a Community programme/instrument for innovation support, with a light application and evaluation procedure.

3. ...WITHOUT COMPROMISING ON OBJECTIVES

Q6: How could the Commission ensure the balance between a unique set of rules allowing for radical simplification and the necessity to keep a certain degree of flexibility and diversity to achieve objectives of different instruments, and respond to the needs of different beneficiaries, in particular SMEs?

VRWI view:

- **Retain excellence as key decision criterion**
- **Facilitate SME participation**

The CSF will bring together different funding schemes, each with their own objectives. For all programmes and instruments supported or co-funded by CSF resources and geared towards carrying out research, the evaluation procedure should be based on scientific quality as a key criterion. In the case of initiatives not merely focused on research the weight of the scientific

quality criterion may vary according to the type of R&D activity proposed and its positioning in the knowledge and innovation process.

SME participation needs to be maximally encouraged in all CSF programmes and instruments. In first instance this requires developing user-friendly regulation for the application and project management processes. An overall target for SME participation in the various CSF programmes and instruments can again be set, but the achievement of this target needs to be more carefully monitored. More specifically, it is important to monitor to which extent registered SMEs (whether high or low tech) take part in the actual R&D aspects of the projects.

In order to bolster the innovative capacity of less research-intensive SMEs the forthcoming CSF should re-establish a horizontal R&D programme, wherein SMEs collaborate with knowledge institutes, which are responsible for carrying out the R&D. The regulation of the current 'Research for the benefit of SMEs' programme needs to be simplified significantly. Crucial in this respect is decreasing the time lag between initial application and final notification of contract and, hence, start of activities.

The complementarity between the European R&D instruments and those of the Member States shows the need for continuing support for the EUROSTARS (EUREKA) programme.

Q21: How should the role of the European Research Council be strengthened in supporting world class excellence?

Basic research of today is the fruitful soil for inventions and breakthroughs needed to address the Grand Challenges of tomorrow. Therefore Europe must invest firmly in basic research.

The ERC should continue fostering scientific quality by means of individual grants, using scientific excellence (understood as in striving to be world leading in the scientific area) as sole and decisive criterion. The ERC should remain the niche for and of scientists within the Framework Programmes. The ERC should facilitate fundamental scientific research in terms of unconventional, high-risk research programmes, as this type of frontier research is a necessary prerequisite for innovation. Investing public funds in top scientists will ultimately lead to the highest revenue for European society as a whole.

A particularly attractive feature of the ERC grants is that they operate on a bottom-up basis across all research fields, without predetermined priorities. This feature must be maintained.

Q23: How should the role of Marie Curie actions be strengthened in promoting researcher mobility and developing attractive careers?

The CSF should feature a key component focused on researchers' career development and mobility in the various stages of their career. The research training and mobility programme is one of the clear success stories of the previous Framework Programmes. It has effectively reached out to and gained respectability amongst the research community. It is vital to include the scheme again in the EU FP for several reasons: researchers are key factors in the research process; the programme lends support to research in all links of the knowledge chain; and the programme can make a tremendous contribution towards the needed cooperation between knowledge institutes and enterprise.

As enhanced mobility and training quality are horizontal objectives, the future programme should focus on researchers in all scientific disciplines.

The future programme should incorporate a strengthened scheme for mobility between sectors (understood as mobility between knowledge institutes, companies and other societal actors) to foster cooperation between these actors. As before, the scheme should focus on the mobility of researchers in the various stages of their career development. The programme does, however, require significant adjustment in terms of simplifying its regulatory requirements. More resources should be invested in researchers' initial research training and involvement of companies and/or societal actors should be ensured.

Synergies between European activities and those set at the level of the regions and the Member States should be exploited. EU FP resources should be harnessed to co-fund schemes of Member States and regions focused on the mobility of starting and post-doctoral researchers. However, such European co-funding should not be seen as a substitute for a strong European programme with respect to research training and mobility.

Q10: Should there be more room for bottom-up activities?

VRWI view:

There should be sufficient scope for bottom-up activities in the CSF, not only in the ERC, but in all programmes of the framework.

In keeping with the original aim of the Framework Programme, the Cooperation programme component should remain the centrepiece of the CSF. To ensure consistency with the innovation objectives of the CSF the Cooperation programme (or its follower) should be focused on the

Grand Challenges as identified by the European authorities in collaboration with various governments, enterprise and other societal actors.

All programmes under the Cooperation umbrella should offer balanced support for both 'bottom up' research and programmed 'top down' research. The programmed research involving the Grand Challenges should be based on multiannual research agendas fleshed out by enterprise and the research community. Future programmes should have a modular and flexible structure in terms of description of the research schemes and intended scale of the projects. The regulations should provide the possibility to substantially adapt or even call a halt to ongoing research projects.

All programmes developed in the context of the Grand Challenges should provide scope for new, promising (visionary) and/or high-risk research (bottom-up) by knowledge institutions and companies. This type of research forms a key link in the innovation chain and provides the necessary fertile ground for future applied research. Given the importance of novel and high-risk research for the knowledge and innovation chain an appropriate share of the budget should be allocated under this heading. The 'Future and Emerging Technologies' (FET) programme, applied under EU FP7, could be used as a template. The scheme has to provide opportunities for both small and large-scale cooperation (comparable with the FET Flagship Initiatives). This segment of bottom-up research should emphasise the importance and innovative potential of small-scale research. The scheme should also make use of straightforward application procedures. The actual cooperation within the Cooperation programme can take various forms, and both large and small-scale cooperation projects are effective in this respect.

4. SUPPORT ON BASIS OF EXCELLENCE AND INNOVATION POTENTIAL

Q4: How should EU research and innovation funding best be used to pool Member States resources? How should Joint Programming Initiatives between groups of Member States be supported?

VRWI view:

European Commission to act as arbitrator, preventing competition between Member States based on criteria other than excellence and innovation potential

European R&D cooperation via European Framework Programmes forms the basis for the value added now established in terms of quality (via competition), economies of scale and impact. This rationale continues to be valid, and also has to be decisive for the development of the future CSF. All instruments and programmes should be based on the

rationale of international competition and demonstrate clear value added compared to the instruments deployed by the regions and Member States. The instruments available through the CSF on the one hand and the regions and Member States on the other hand should reinforce and complement rather than duplicate each other.

4.1. Joint Programming

Joint Programming can make a major contribution to the creation of a European Research Area (ERA). It generates impact by building critical mass around research and technologies, such that wide support can be mobilised for urgent, major social challenges. The largest impact can be achieved through a smart interplay and exploitation of the synergies between the activities of the EU FP on the one hand and the parallel initiatives of the regions and Member States on the other. While Joint Programming is a process in the hands of regions and Member States, the European Commission (as the driving force behind the ERA) should act as an arbitrator using the EU CSF as the instrument at its disposal. The European Commission should ensure: that all regions and Member States have a fair say in setting the priorities and the way in which initiatives are to be governed, that the regulation for participation of companies and knowledge institutions is harmonised, and that the evaluation process is based on scientific quality criteria.

It is important that the joint research programming process results in a balanced ERA, where as many countries and regions as possible take part and that allows quality research actors to participate, irrespective of where they are located within or possibly outside of Europe.

The importance of the European authorities' commitment as arbitrator in the process is reflected in those initiatives that may be considered as precursors of the process of Joint Programming, namely the public/public partnerships undertaken under art. 185, and the Joint Programming initiatives the Member States are establishing pursuant to the ERA 2020 Vision. Participation in art. 185 initiatives is currently undermined by the diversity and complexity of regulations concerning participation, funding and IPR, while the opportunity for research actors to take part depends on the national and/or regional funding agencies and authorities.

Q8: How should EU research and innovation funding relate to regional and national funding? How should this funding complement funds from the future Cohesion policy, designed to help the less developed regions of the EU, and the rural development programmes?

The CSF can be used to financially strengthen instruments and programmes that regions, Member States, and other organisations have established in the framework of the ERA, provided conditions are put in place to safeguard the opportunities for smaller countries and regions to participate.

4.2. Co-funding

VRWI view:

Promote concept of European funding for cross-border collaboration

Companies and knowledge institutions face considerable challenges to participate in existing public/private (and in some public/public) R&D initiatives.¹ Of particular concern is the reduced participation prospect for knowledge institutions, due to the type of co-funding required from regions and Member States and the limitations this entails.

The PPPs are based on co-funding programmes, generally with contributions by the national/regional authorities, industry, and the European Commission. The national/regional funding is still nearly always earmarked for organisations within the geographical boundaries of the region/Member State. Consequently, smaller regions and Member States with limited budgets are hamstrung in the extent to which they can participate. This is particularly true when there is a mismatch between the field of expertise of a knowledge institution and the business community located in its region/country. In this instance the knowledge institution has to resort to 'cross border' cooperation, for which there is no European funding. This means Europe is failing to seize opportunities to fully exploit its outstanding potential and mobilise it in support of European cooperation.

Businesses also have to contend with an extremely cumbersome management structure, in the context of an overwhelming input by the European administration and the major industrial players. Certain JTIs also lay down rules for intellectual property (IP), allowing few or no rights to knowledge institutions.

The forthcoming CSF may offer solutions in this respect by providing European funding that allows for cross-border cooperation between knowledge institutions. This way, European funds help ensure that the best research groups are involved in projects, irrespective of where these are located in Europe. European funding can be deployed in a comparable manner for the EUREKA cluster programmes, although in a distinct portfolio managed by the European Commission.

¹ It concerns PPPs created as Joint Technology Initiatives (art. 187) and public/public partnerships under art. 169 and within the ERANET+ programme.

Ensuring adequate participation by knowledge institutions should become an important priority for forthcoming PPPs. With this objective in mind the funding process needs to be reformed. The VRWI argues for the European financial contribution to PPPs to be geared towards knowledge institutions and to apply the same funding percentages as used in the Cooperation programme. This will ensure that these enterprise-oriented projects result in genuine European 'cross border' cooperation both amongst high-quality knowledge institutions and also between knowledge institutions and companies, and this irrespective of their location in Europe and independent of national or regional restrictions. The European authorities therefore have a role to play as arbitrator to ensure a fair participatory system based on competition.

For forthcoming R&D PPPs regulation concerning participation, funding and IP should be harmonised as much as possible, and there should also be harmonisation with the general regulatory requirements of the EU FP.

5. SMART SPECIALISATION

Q22: How should EU support assist Member States in building up excellence?

VRWI view:

- **Build European-wide knowledge economy, based on regional/national smart specialisation strategies**
- **Smart specialisation strategies should reflect genuine comparative advantage between regions/countries and be based on objective and measurable criteria**

Through the application of smart specialisation Europe can attain a double objective: achieving regional/national excellence, while simultaneously building a single European-wide knowledge economy. However, to make the most of smart specialisation it is crucial that regions/nations specialise in those (sub)-sectors where they can genuinely claim comparative advantage. At the moment no methodology yet exists to objectively measure smart specialisation. As smart specialisation currently features high on the political agenda, there is an urgent need for developing such a methodology. Otherwise there exists a real risk of countries/regions claiming certain (sub)-sectors because of political motives, even if this claim is not supported by actual data.

6. RESEARCH INFRASTRUCTURE

Q25: How should research infrastructures (including EU-wide e-Infrastructures) be supported at EU level?

VRWI view: Time for consolidating and implementing ESFRI recommendations

The efforts made under the European Strategy Forum on Research Infrastructures (ESFRI) are highly significant for the future European R&D policy with respect to large-scale research infrastructures. However, in the wake of the stage spent discovering the needs there has to be a stage spent consolidating and implementing the recommendations of the ESFRI forum and the large-scale infrastructures already recognised as necessary. This implementation stage requires joint and synergistic commitment of European policymakers and policymakers in the regions and Member States.

The future CSF should offer selective support for building large-scale research infrastructures. Committing European resources should be subject to conditions and here again the European authorities have a role to play as arbitrator in the process. All Member States should have their say in deciding on the choice of infrastructures, the setting of priorities, the location, and the usage and access opportunities.

The CSF has to offer continuing support to ensure wide access opportunities to the existing large-scale infrastructures. A considerable amount of resources is needed to develop and maintain large-scale research infrastructure. Within the context of the partnership for promoting innovation that exists between Europe and the regions/Member States, the regional development resources of the Structural Funds should be more effectively deployed to promote innovation. This should include the development and maintenance of large-scale research infrastructures.

In addition to these research infrastructures, the CSF should set up new funding instruments to support collective innovation infrastructure platforms (simulation and optimisation, characterisation and analysis, up-scaling and piloting, application and demonstration).

7. ADMINISTRATIVE AND REGULATORY SIMPLIFICATION

Q1: How should the Common Strategic Framework make EU research and innovation funding more attractive and easy to access for participants? What is needed in addition to a single entry point with common IT tools, a one stop shop for support, a streamlined set of funding instruments covering the full innovation chain and further steps towards administrative simplification?

As a general point, it is crucial that participants in EU R&D&I projects can operate in an environment of legal certainty. This implies on the one hand more stability in the various programmes, where the successful schemes are continued by European authorities. On the other hand, it also requires conformity in the interpretation of legal and contractual matters between different European institutions (such as the Commission and the European Court of Auditors), so as to provide legal clarity to participants.

The participation and cost management rules of European R&D&I programmes should be streamlined significantly to ensure that companies and knowledge institutions will avail themselves of these instruments and pool their R&D efforts in a European context.

The proposals tabled by the European Commission in its Communication on 'Simplifying the Implementation of the Research Framework Programmes' provide a valuable stimulus for the urgent need to simplify the regulatory requirements in the entire application and management processes for R&D&I projects. It is important to involve enterprise and knowledge institutions in any further developments regarding regulatory streamlining. The items referred to below are crucial elements of any simplification planned for the EU FP8 programmes and instruments. They were also voiced by Flemish companies and knowledge institutions both in the Belgian position paper that was formulated as a response to the aforementioned Communication, as well as in the preparations for the Competition Council on October 2010 and the report of the European Parliament under the leadership of MEP Maria Da Graça Carvalho:

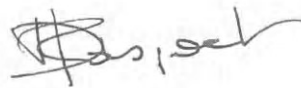
- The largest potential for simplification is to be found in a far-reaching harmonisation of the financial and participation regulations of EU programmes and instruments, and the instruments related to the EU FP (including JTI, art. 185, KICs...);
- Conformity in how the European regulations are interpreted by project officers and financial staff in the European Commission and relevant agencies is key in promoting simplification;
- When implementing measures towards simplification account should be taken of both the type of R&D actors (companies, research institutions, universities) as well as the type of activities carried out as part of the R&D projects: research, demonstration, training, exploitation and dissemination;
- Methodological freedom should be given to choose between the use of actual or average staff costs. In the latter case this should be based on actual wage costs as usually applied in the institution and remain in keeping with customary accounting procedures;
- The use of 'lump sums' for staff costs is acceptable only if these are based on the actual cost of organisations and in line with the customary accounting practices of the institution. In addition, the amounts involved should allow for the actual staff costs to be borne and no justification of costs (by demonstrating the actual staff costs) should be required. It is possible to use 'lump sums' for other direct costs as long as account is taken of the type of research activity involved, such as the utilisation of costly infrastructure.

- A faster evaluation procedure and a shortened time lag to the point of signing the contract are crucial. Also, a maximum 3-year period should be set for ex-post audits.

The Commission proposal to shift towards result-based project funding was given a guarded reception by the VRWI. In any event this cannot be deployed as a generalised funding system. The approach is only applicable for 'mission-oriented research and development':

- The proposed option for project-specific 'lump sums' as a contribution to project costs, which are to be determined during contract negotiations, and to be paid on the basis of agreed output cannot be applied on a widespread basis under EU FP8 as this would result in less high-risk projects.
- The proposed option for predefined project-specific 'lump sums', in combination with a selection on the basis of the largest expected scientific output for the given budget was not well received, as it is to the disadvantage of financially weaker participants. Also, there is no clear distinction with the process of precompetitive innovative procurement.
- The proposed option for a 'high trust award approach' where no justification of costs is required is welcomed for frontier research projects.

Flemish knowledge-based institutions are also proposing a new option, where the European authorities grant certification for a short period to organisations whose accounting procedures are acknowledged as being in keeping with European financial regulations and financially reliable. During the accreditation period they are required to justify costs only when these apply to projects that are not carried out as anticipated.



Danielle Raspoet
Secretaris



Dirk Boogmans
Voorzitter

VLAAMSE RAAD
VOOR WETENSCHAP
EN INNOVATIE

FLEMISH COUNCIL
FOR SCIENCE
AND INNOVATION

KOLONIËNSTRAT 56
B-1000 BRUSSEL
WWW.VRWI.BE

T +32 2 212 94 10
F +32 2 212 94 11
INFO@VRWI.BE

D. BOOGMANS | VOORZITTER
D. RASPOET | SECRETARIS

