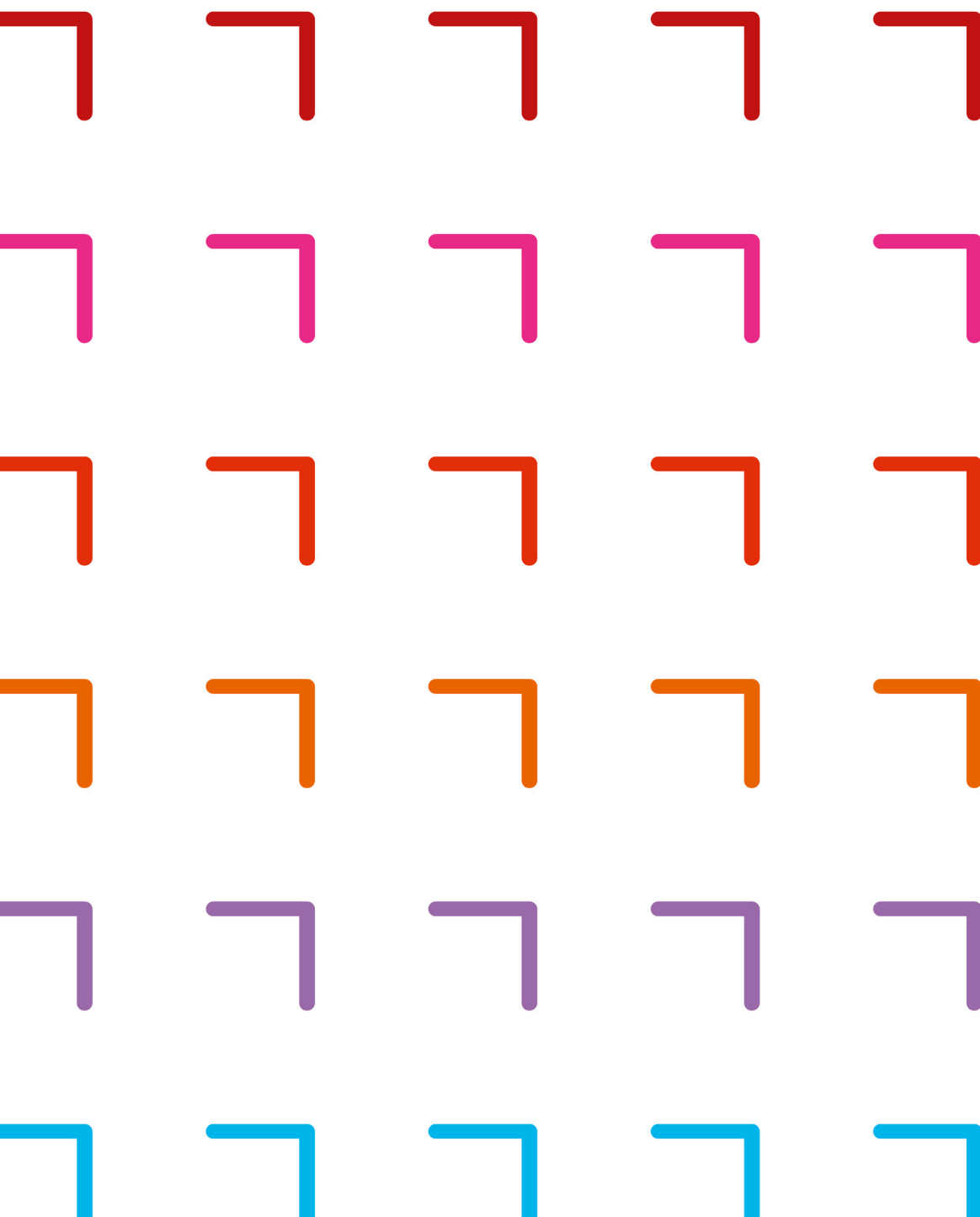


ADVISORY REPORT 164

VRWI POSITION PAPER ON HORIZON 2020

24 JANUARY 2012



ADVISORY REPORT 164
VRWI POSITION PAPER ON
HORIZON 2020
24 JANUARY 2012

CONTENTS

BACKGROUND

VRWI WELCOMES ...

1. INCREASES BUDGET FOR SCIENCE AND INNOVATION
2. EXCELLENCE AS MAIN DRIVER
3. FACILITATION OF SME PARTICIPATION
4. EMPHASIS ON SOCIETAL CHALLENGES
5. ROLE OF SOCIAL SCIENCES AND HUMANITIES (SSH)
6. SIMPLIFICATION

VRWI IS CONCERNED ABOUT ...

1. UNIFORM INTRODUCTION OF 20% FLAT RATE FOR INDIRECT COSTS
2. BUDGETARY ALLOCATION FOR MARIE CURIE ACTIONS (MCA)
3. LINK BETWEEN ENTERPRISE EUROPE NETWORK AND NATIONAL CONTACT POINTS
4. CAUTION AGAINST STRINGENT 'EUROPE FIRST' IP VALORISATION REQUIREMENTS
5. LACK OF COHERENCE WITH JOINT PROGRAMMING
6. CO-FUNDING AND CROSS-BORDER COLLABORATION
7. EUROPEAN TOPPING-UP/CO-FUNDING

BACKGROUND

On the 30th of November 2011, the European Commission published a number of proposals outlining Horizon 2020, the forthcoming integrated programme for EU research and innovation funding. Horizon 2020 brings together the research and innovation funding currently provided through the Framework Programme for Research and Technological Development (FP7), the innovation related activities of the Competitiveness and Innovation Framework Programme (CIP) and the European Institute of Innovation and Technology (EIT) and should come into effect in the beginning of 2014.

As the European Parliament and Council have now started the negotiations on the EU budget for the period 2014-2020 – including the overall budget for Horizon 2020 – the Flemish Council for Science and Innovation (VRWI) considers this the right time to let those issues most relevant for the advancement of research and innovation in Flanders be known to the European policymakers. In doing so, the VRWI was encouraged by the fact that a significant number of points requested in the VRWI response to the earlier European consultation on the Common Strategic Framework (CSF) were subsequently retained by the Commission in the current Horizon 2020 proposals.

VRWI WELCOMES...

The VRWI welcomes Horizon 2020, the integrated framework for EU research and innovation funding. The VRWI has stressed on previous occasions the need to pool various European R&D&I resources and programmes, so that regulations can be harmonised and knowledge institutions and businesses can gain easier access. The streamlined coherent funding from idea to market in Horizon 2020 should allow for a genuine integration of research and innovation.

The VRWI published in April 2011 its Advisory Report 157 as a response to the European Green Paper 'Towards a Common Strategic Framework for EU Research and Innovation Funding'. This report summarised the expectations formulated by Flemish stakeholders, including universities, knowledge institutions, enterprises and societal actors. In light of this response the VRWI is satisfied with a number of important features taken up in the commission proposal, amongst others:

1. INCREASED BUDGET FOR SCIENCE AND INNOVATION

The VRWI welcomes the significant budget increase to 80 billion euro (in constant prices). This increase with respect to the respective FP7/CIP/EIT budgets confirms the vision on research and innovation as key drivers for European competitiveness and increased welfare and wellbeing for its citizens. Even in the current tough financial and economic climate Europe is facing, **it is crucial that this proposed budget of 80 billion euro for research and innovation is maintained in its entirety**, as it represents a critical minimum threshold of investment in Europe's future: investment in R&D and innovation becomes even more relevant in times of economic crisis.

In particular, the VRWI welcomes the proposed budgets to support and further develop two major innovations in European research and innovation policy, i.e. the European Research Council (ERC) and the European Institute of Innovation and Technology (EIT). Both have their own (Governing) Board, making them autonomous from the European Commission in their operations without compromising on accountability. Innovating the structures through which European science and innovation policy is carried out enhances the further renewal process,

2. EXCELLENCE AS MAIN DRIVER

The VRWI strongly supports the Horizon 2020 focus on **excellence as main driver, regardless of any geographic consideration or other preconditions**. For all programmes and instruments geared towards carrying out research supported by Horizon 2020 resources, the evaluation procedure should be based on scientific quality as a key criterion. A coherent, transparent and harmonised professional peer review system that uses excellence as main criterion must remain. Also, the evaluation criterion excellence should be unambiguously defined in the guide for applicants and guide for peer-reviewers.

3. FACILITATION OF SME PARTICIPATION

SME participation needs to be maximally encouraged in all Horizon 2020 programmes and instruments. The VRWI welcomes that the European Commission has set itself a target in this respect – i.e. 15% of the Horizon 2020 funds should go to SMEs. **The VRWI recommends that the following be monitored: (1) the achievement of this target; (2)**

the extent to which registered SMEs (whether high or low tech) take part in the actual R&D aspects of the projects.

The VRWI further welcomes the proposed bottom-up SME instrument, which will provide support in three phases of the whole innovation cycle. It is important that this European instrument complements and reinforces the national and/or regional instruments (rather than replacing these), since the needs of many SMEs are best served through support provided at regional level (because of the lower threshold), eventually in a coordinated approach such as ERA-Nets.

4. EMPHASIS ON SOCIETAL CHALLENGES

The VRWI welcomes the focus on the grand societal challenges, in line with the orientations of the Europe 2020 strategy, more specifically the Flagships 'Innovation Union' and 'Industrial Policy'. Horizon 2020 puts the **societal challenges at the heart of the European research and innovation strategy**, maintaining sustainable development as an overarching aim.

The VRWI also welcomes the intention of the European Commission to not prescribe specific research topics, but to use a more bottom-up approach, while remaining open to different types of interdisciplinary projects.

5. ROLE OF SOCIAL SCIENCES AND HUMANITIES (SSH)

The VRWI welcomes the intention for **social sciences and humanities to be an integral part** of the activities of **Horizon 2020**. The VRWI considers it crucial that this intention is realised. Therefore, the positioning of the SSH needs permanent attention in the section Societal Challenges, and this beyond the challenge 'Inclusive, innovative and secure societies'. Tackling the grand challenges requires input of social sciences and where relevant the humanities in order to deliver on the societal agenda. We therefore propose to define creative incentives to reinforce the participation of SSH across all themes, towards different types of interdisciplinary projects.

6. SIMPLIFICATION

The VRWI welcomes the steps towards simplification present in Horizon 2020. It is **crucial that genuine simplification is maintained in the forthcoming implementation** of Horizon 2020. In this context the VRWI recommends that:

- The newly simplified rules are respected during the whole life cycle of Horizon 2020. Exceptions to the general rules should remain rare. This will allow for participants to operate in an environment of legal certainty.
- The rules governing the future SME instrument should be especially simple and provide clear links between the three phases in terms of timing, rules for participation, evaluation and selection criteria, financial rules, etc.
- Simplification of a number of different initiatives and their coherence with Horizon 2020 should be further pursued. It concerns initiatives that will run during the duration of Horizon 2020, such as JPIs, JTIs, EIPs, EUROSTARS, EUREKA, ERDF for innovation and competitiveness, etc.
- More generally, in new initiatives increasing complexity should be avoided by applying the same administrative rules as those of Horizon 2020.
- In addition, existing initiatives with minor added value should be re-evaluated and abandoned if necessary.

VRWI IS CONCERNED ABOUT...

1. UNIFORM INTRODUCTION OF 20% FLAT RATE FOR INDIRECT COSTS

The 100/20 reimbursement (direct/indirect costs) implies a true simplification for the participants.

It is imperative that universities are funded at a rate of 100% for reasons of sustainability. If universities are to be reimbursed at a lower rate than 100%, the attractiveness of the proposed reimbursement system for Horizon 2020 evaporates immediately.

While the use of a flat rate is clearly a drastic simplification, the 20% reimbursement of indirect costs will not be sufficient to cover the actual costs of knowledge institutions with expensive infrastructure. Also, the European Commission has always stimulated the use of the full-cost model in the former framework programmes. Therefore, the VRWI

recommends that **either a higher flat rate for indirect costs is introduced or that the full-cost option is reinstated for those not-for-profit organisations that possess the required financial management.**

2. BUDGETARY ALLOCATION FOR MARIE CURIE ACTIONS (MCA)

The VRWI is pleased that support for and strengthening of the ERC and the MCA is indicated to be a clear goal in the Horizon 2020 proposal. Unfortunately, the budgetary proposals do not properly reflect these ambitions. Both programmes currently face very low success rates, less than 15% for ERC and even less than 10% for sections of the Marie Curie programme.

The MCA 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.

Both the strong focus on career development and fair treatment of researchers and the link between research and innovation make the MCA a very valuable programme. However, given the already very low success rates of Marie Curie in the past, the VRWI fears that the proposed budget will decrease even more the possibility to fund researchers and that the impact of the career strengthening MCA will therefore become significantly lower.

Given the strong track record of the MCA, the VRWI believes that its budget increase should be more in line with the overall budgetary increase and, more specifically, suggests an increase of 40% on the FP7 budget.

3. LINK BETWEEN ENTERPRISE EUROPE NETWORK AND NATIONAL CONTACT POINTS

In the Horizon 2020 proposal a reinforced link with the services of the Enterprise Europe Network (E.E.N.) is envisaged, also with respect to guiding SMEs towards European funding opportunities. The VRWI supports this intention, but cautions that this must not result in overlapping roles and activities between E.E.N. and the National Contact Points (NCPs). Thus the relationship and division of labour between both will need to be further clarified.

4. CAUTION AGAINST STRINGENT 'EUROPE FIRST' IP VALORISATION REQUIREMENTS

The VRWI welcomes the fact that coherent rules on intellectual property rights are introduced in Horizon 2020. We favour a maximum of uniformisation and harmonization of the IP regulation, across the different programmes under Horizon 2020. A correct management of intellectual property rights is indeed an important tool for innovation. Intellectual property rights not only concern patents, but also designs, breeder rights, integrated circuits, copyright, protection of software, databases and trademarks. These different rules of every intellectual property right are partly harmonized within the EU, but are also subject to international treaties. Therefore the proposed provisions on intellectual property rights in Horizon 2020 should be seen with regard to all possible intellectual property rights and existing IP rules on EU or international level.

While the 'Europe first' requirement is currently not a guiding principle, Horizon 2020 does allow for the introduction of stricter valorisation requirements at the work programme level. **The VRWI cautions against the introduction of stringent 'Europe first' IP valorisation requirements**, as this is problematic for international enterprises with affiliates outside of Europe.

5. LACK OF COHERENCE WITH JOINT PROGRAMMING

Since Joint Programming Initiatives (JPIs) and Horizon 2020 are addressing more or less the same challenges, there is a strong need for coordination between the different programmes.

Joint programming is a process in the hands of the Member States and regions. JPIs should be established to strengthen the resources allocated already by the participating countries to the JPI topics. Care should however be taken not to endanger the existing research in the same fields in non-participating countries by no longer foreseeing support within the work programmes of Horizon 2020. Such a development might pose a threat of shifting from an open competitive, EU-wide process to a more national one. Unless JPI calls remain open to all EU members states, the development of JPIs might drastically change both the EU research landscape and the national policies.

Towards this end, the **European Commission should also propose measures for allowing participation of smaller countries and regions not always having the**

budgets or programmes to participate as full partner in JPIs. The **European Commission should act as a gatekeeper to ensure a level playing field.** More specifically, 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 actors to participate, irrespective of where they are located within or possibly outside of Europe.

Joint Programming should not at any moment be implemented at the expense of existing European research funding. On the contrary, the goal of Joint Programming should be to make the existing Member State's research more effective by better collaboration and coordination. This is a lesson learnt from the JPND (Joint Programme on Neurodegenerative Diseases) pilot programme, where a decrease in funding of neurodegenerative diseases research was observed in FP7.

6. CO-FUNDING AND CROSS-BORDER COLLABORATION

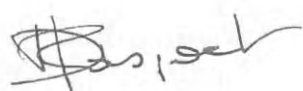
Europe is failing to seize opportunities to fully exploit its potential and mobilise it in support of European cooperation. This is because companies and knowledge institutions face considerable challenges to participate in existing public/private (and in some public/public) R&D initiatives. Of particular concern is the reduced participation prospect for knowledge institutions in certain regions and Member States, 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. **The VRWI advocates that European funding be made available that allows for cross-border cooperation between universities, research organisations and companies from different Member States.** This way, European funds would help

ensure that the best research groups are involved in projects, irrespective of where these are located in Europe.

7. EUROPEAN TOPPING-UP/CO-FUNDING

The system of European topping-up/co-funding effectively works to the disadvantage of smaller countries and regions, as they have smaller R&D&I budgets at their disposal. Therefore, **the VRWI advocates that a certain amount of European funding** should not be allocated on a 'topping-up' basis, but rather **function as 'glue' in the European research and innovation ecosystem.**



Danielle Raspoet
Executive Secretary



Dirk Boogmans
President

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

