

Position Paper Belgian Universities

Regarding 2 EP Reports feeding into the IE H2020

1. Introduction

In the first half of 2016, two reports have been published by the European Parliament (EP) that will feed into the Interim Evaluation of Horizon 2020 (H2020). It concerns the EP/BUDG report '[Assessment of H2020 Programme](#)' and the EP/ITRE report '[Scrutiny in H2020 focusing on the European Parliament's priorities](#)'. In both reports, a number of very relevant points are mentioned. Therefore, we definitely consider these documents as a good start for the discussions on the Interim Evaluation (IE) of H2020 within the EP.

However, the Belgian universities find it important to provide you some additional information in this document, since in our opinion some points made in the reports are so important for us that we would like to stress them, others are based on wrong suppositions, could be broadened or need a little bit more context. This document is deliberately limited to the topics already mentioned in one or in both reports, notwithstanding the relevance of other issues for the IE H2020.

2. EP/BUDG report 'Assessment of H2020 Programme'

a) *The European Fund for Strategic Investment (EFSI) is no R&D&I programme*

On page 18 of the report is stated that the European Commission (COM) is referring to EFSI as 'a third European Fund for Research and Innovation' alongside H2020 and the European Structural and Investment Funds (ESIF). We like to highlight that EFSI should not at all be considered as a third R&D&I-programme, but as programme strongly focussing on Innovation for a large set of innovators. EFSI has so far not financed one single research project. Seen the core business of universities, we primarily have to rely on grants, not loans as provided under EFSI. It is therefore imperative that EFSI does not consume H2020/FP9 budget meant for R&D&I-activities.

Recommendation

- **We recommend the EP to refrain from any further budget cuts** of H2020/FP9 in favour of EFSI. EFSI should not be considered as a third programme for research activities.
- **We consider the past budget cuts as loans to Europe's innovation community that should be paid back to H2020** as soon as possible.
- **We would like the EP to acknowledge that universities have to rely on grants** – not loans – **for both bottom up basic research** parts of H2020/FP9, e.g. Pillar I/ERC-, MSCA-projects, **and the top-down collaborative research** parts, e.g. Pillar III/Societal Challenges-projects and Pillar II/ICT-, KETs- and Space-projects.

b) *Monitoring the consequences of the EFSI budget cut on H2020*

On page 24, the EP recommends to closely monitor the progress of EFSI and the continued implementation of H2020, since at the moment the report was written, it was too soon to assess if, or to what extent, the creation of EFSI will lead to any lost funding opportunities for potential European R&D&I projects. Looking at various press releases of MEPs after the closure of the trilogue on EFSI, with expressions like 'The EP saved basic research!', we do worry about a lack of understanding of some MEPs of the real picture. Basic research is not only performed under pillar I of H2020: basic research approaches at universities are essential for collaborative research and innovation projects (RIA) under pillars II and III. In addition, universities obviously do play an important role in the more applied aspects of RIA-projects where they liaise with big industry, SMEs, NGOs, RTOs and applied universities to help Europe find solutions for the challenges identified. It is essential for the competitiveness of Europe and the smooth implementation of H2020 that budget continues to flow to these kind of projects with a proven European added value. This is why we find it important to ask you

to monitor the consequences of the EFSI budget cut very closely and on all pillars. We regret that the COM shifted away budget from a very efficient programme.¹ This will in our opinion unavoidable have negative effects on the implementation of H2020 and thus on the competitiveness of the EU.

We find it important to stress here that we appreciated all the work done by the EP on this dossier for the benefit of the competitiveness of the EU, our universities and the European citizen.

Recommendations

- **Closely monitor the progress of EFSI and the continued implementation of H2020,**
- **not only for basic research activities in pillar I, but more important,**
- **also for the basic research activities as part of collaborative research and innovation projects under pillars II and III.**

c) R&D&I as an investment

On page 23 is stated that “*although the R&I cycle naturally allows for some delay in budget implementation, the backlog is currently also causing artificial delays in the form of fewer projects and extended deadlines*”. And on page 14 “*for R&I specifically, DGs RTD and EAC have been forced to reduce the level of pre-financing for new projects to 35% under H2020 (compared to 60% under FP7)*.” Together with the State of the Union 2016, an update on the unnaturally large backlog has been presented by the COM, explaining this problem will be solved in 2016 – 2017.

Similar issues as caused by this backlog are the problems created by the Finance Ministers repeatedly cutting the H2020 budget, e.g. in the yearly budget procedure. This of course has negative consequences on the implementation of H2020. A change of mind set is needed: spending money on R&D&I does not cost anything, it is a wise investment, because it generates new jobs and growth. FP7 generated, cf page 24, 290.000 jobs, contributed EUR 20 billion to the EU’s GDP and had a multiplier effect of 11. And H2020 is expected to do even better since there is more attention for Innovation.

Recommendations

- **Closely monitor the unnaturally large backlog** and its consequences, to see if the issue will indeed be solved in 2016 – 2017.
- **Call on the Ecofin Minister of your country to start seeing R&D&I as an essential investment to guard Europe’s future,** instead of a cost.
- **Closely monitor the consequences of annual budget cuts.**

d) Additional funding for H2020

As stated on page 24, the high demand for H2020 funding – seen from the high oversubscription and in some cases very low success rates – and the way in which the yearly H2020 budget increases – yet so far, even including the frontloading, the yearly H2020 budget is smaller (!) than the last year of FP7 and its budget will not (!) surpass the FP7 budget until 2017/2018 – have contributed to a fall of the success rates from 20 – 22 % in FP7 to 13 – 14 % in H2020. The evaluation of FP7 strongly indicates, cf footnote 1, that the European R&D&I programmes deliver well against the Europe 2020 goals. Moreover, the high demand for funding along with the ambitious work programme indicate that H2020 is able to make use of additional funding.

We experience that low success rates, partly linked to the budget cuts of H2020 by EFSI and the annual budget procedures is discouraging researchers to apply for European funding: the European R&D&I funding programme is at risk, it becomes a victim of its own success.

¹ Cf page 24, findings of the HLEG on FP7: (1) FP7 created 130.000 research positions and 160.000 wider employment opportunities, (2) on an annual basis, FP7 contributed EUR 20 billion to the EU’s GDP, and (3) FP7 had a multiplier effect of 11 and H2020 is expected to do even better since there is more attention for Innovation.

Recommendation

- If the EP decides to consider, following the recommendation made on page 24, the possibility of **additional funding**, our universities will support this.
- **At least, we urge the European institutions to implement the in 2013 approved growth of the H2020 annual budgets as originally envisaged, as of 2017 onwards.**

3. EP/BUDG report ‘Scrutiny in H2020 focusing on the European Parliament’s priorities’
e) Focus on strengthening SME participation in pillar II

On page 7 is stated that participation in FET Open and MSCA is of limited relevance for SMEs, as no target budget is foreseen for SME participation in these projects. In our opinion, this is not the reason behind the limited participation of SMEs in both schemes. Research on ground breaking technological ideas (FET) and training the next generation of researchers (MSCA) is simply not the core business of most SMEs. That only few SMEs are a beneficiary of an ERC/Proof of Concept, a MSCA/SME Innovation Associate or a FET Open cannot come as a surprise. Other parts of H2020 are simply much more suitable and accessible for SMEs, in particular the Fast Track to Innovation (FTI) scheme. However, this does not imply that FET and MSCA are irrelevant for SMEs, since knowledge based SMEs are well equipped to participate in these schemes. Moreover, the results generated by participants in these schemes could be of high relevance to SMEs or to so far un-existing start-ups.

We would like to thank the EP for having introduced the FTI scheme. We would even like to ask the EP to formalise the pilot and raise the budget.

Recommendation

- **Strengthen FTI by formalising the pilot and raise its budget**, but not at the expense of the existing budgets for basic research, training & career development and collaborative research and innovation projects.

f) Work on the quality of the ESR

When the FTI-pilot is analysed, on page 11, the statement is made that the quality of the ESR could be improved. We do agree with this observation, but this is not limited to FTI: the quality of the feedback in H2020 in general went down compared to FP7, feedback is shorter and less detailed. We understand that this is caused by (a) Project Officers being briefed to be politically correct, and (b) by the no-negotiation approach. Political correctness (a) often results in vague judgments that are unsatisfying on the side of the reviewers and certainly not useful for the recipient; we understand that this political correctness has been introduced not only for time issues, but also to reduce the number of redresses. Rather, we believe in better ESR and more stringent redress rules. Also certain elements of feedback considered relevant by evaluators are not written down in the reports, because they don't affect the score. However, this kind of feedback can be extremely useful for the applicant. The no-negotiation approach (b) means that evaluators can't make concrete suggestions for improvement. And thus applicants do not get the type of feedback they need to resubmit a really good proposal. This results in resubmissions which are still of poor quality, increasing the workload for reviewers, and does not help in solving the oversubscription-issue. If obvious mistakes are not communicated and thus cannot be corrected at the start of the project, this creates a higher administrative burden in (i) re-reviewing proposals or (ii) in the projects that do get up-and-running. We are not sure whether this is the best way to help Europe forward and to help the COM implement its EU 2020 policy.

Recommendations, conform IGLO feedback February 2016:

- **Applicants need constructive feedback on all evaluation criteria**, in relation to the length of proposals;

- **ESR should provide more feedback on the shortcomings of proposals and provide information for improving their quality;** and
- **Evaluation teams should include at least one person with previous experience in H2020 evaluations.**

g) Help close the Science and Innovation divide

On page 14, a press article is cited stating that (1) ERC grants would perversely increase differences between researchers in EU-15 and EU-13 countries and (2) that for some stakeholders ERC-grants would be too big, making researchers mini-funding managers. To start with the last statement, the truth is that the ERC puts at the disposal of the grantee a certain amount which is ALWAYS reviewed and corrected by the panel in conjunction to the tasks of the project. For projects that also include lab work and equipment, it is clear that the amount requested is high and sometimes not even enough. For theoreticians, the costs are lower and by consequence, they rarely ask for the maximum amount. As for being mini-managers, who isn't at that level? Researchers are required to act as managers if they want to acquire grants. By consequence, if this were an issue, it wouldn't be a typical ERC issue: it would be valid for all H2020 and other COM funding schemes.

Going back to the first statement, to reproach the ERC to increase the Science and Innovation divide is complete non sense: this divide is not a typical ERC problem, but a problem of the current R&D&I-structures and policies in some EU-13 countries, who are positively emerging very rapidly, but still underperforming in many cases. For us, in this context two things are clear: 1) abandoning the excellence principle will not help forward science, European universities and citizens, and furthermore, 2) in the interest of all European countries, more efforts should be made to close the divide. H2020 should stay a competition based system in which the best projects get selected. This competition for excellence has put Europe and its R&D&I output on the global map. Stepping away from it will have serious negative implications for Europe as a global player and knowledge creator, and consequently for its knowledge-based economy.

We fully support measures to encourage the development of the EU-13, like (a) the [ERC Visiting Fellowship Programme](#) set up recently by some National Funding Agencies, amongst whom FWO, (b) WideSpread and (c) the Seal of Excellence (SoE) that the COM has been introduced lately and that aims for reserve list projects to get funded by ESIF or a National Funding Agency. A good start to help decrease the divide would be to find a solution for the low success rates, as mentioned on page 16, in this case not in general for H2020, but more specifically for WideSpread. In our opinion, for this specific part of the programme, the aim should be, via facilitating the creation of synergies, not to lose one single project proposal above the threshold: all these project proposals should be taken up by other European and/or national funds than H2020.

Recommendations

- **Respect for the excellence principle**, for the sake of science, Europe as a global player, European universities, both from EU-15 and EU-13 countries and the European citizen.
- **Help close the Science and Innovation divide** starting with working on, more specifically for WideSpread, facilitating synergies between H2020 and ESIF, the latter being far most suitable for helping to solve the issue.
- Within this capacity building discussion, **please never forget that each individual country needs to undertake structural reforms** if not already done so: the yearly Framework Programme Monitoring Reports of the COM show that countries that have a modern national R&D&I-system and invest in R&D&I on national level, are in the forefront in European programmes. We ask the EC to explicitly urge the Member States to do more efforts and invest a larger portion of their ESIF budget into R&D&I capacity building.

- **Give your support to measures that respect the excellence principle and encourage the development of the EU-13.**

h) Facilitate the creation of synergies at programme level first

We were amazed to read, on page 18, that no (!) specific bottlenecks have been identified regarding synergies between H2020 and the Cohesion Policy. And on page 27, ditto for the recommendation to NCP-systems to start organising specific InfoDays and trainings on synergies. Our experiences with creating synergies between H2020 and ESIF, even if still very limited, put forward a long list of barriers: terminology is different, call deadlines are not aligned, accounting systems differ, proposal submission is another matter, to cite only few issues our researchers and our support offices struggle with when trying to create synergies. We consider the EP report to be wrong on this point. Moreover, the report forgets to mention the indistinctness regarding on how the State Aid Rules should be respected in ESIF/INTERREG projects causing major problems for the implementation of ESIF/INTERREG projects and thus for the creation of synergies.

Recommendations

- **Push DG RTD and DG REGIO to do much more at programme level to facilitate the creation of synergies**, before leaving this up to our researchers; starting to offer training sessions and InfoDays is – at this stage – mere window dressing.
- **Urge the Member States to solve State Aid problems related to the implementation of European funds**, in order to not further discourage collaboration between academia and private sector. One could explore the mixed use of grants (for public bodies) and loans (for private sector involved) in one project to avoid state aid problems. It should be noted that a university, who is publically funded, cannot in any way be held liable for its partners from private sector who face state aid problems.

i) Create more transparency and openness of JTIs, cPPPs and EIT/KICs

On pages 19 - 21 of the report is stated that access to JTIs (institutionalised PPPs), cPPP and EIT/KICs is not always transparent and open enough, more specifically for SMEs. We would like to inform you that universities suffer from the same problems. Regarding the EIT/KICs, please note there are tensions between the non-existence of a visible spill over for knowledge partners not participating in an EIT/KIC and at the same time the impact of a KIC on regional financial support measures.

Recommendation

- **Make JTIs, cPPPs and EIT/KICs fully transparent and open**, not only for SMEs, but also for universities.

4. Questions?

VLIR & CReF, the two Rectors Conferences of Belgium, recently started to work together on European Affairs in the VLIR & CReF working group EU Research. If you have questions, please contact Ms Wendy Sonneveld, President of the joint VLIR & CReF working group EU Research and Sr Policy Advisor European Affairs at Ghent University, wendy.sonneveld@ugent.be, or T + 32 9 264 9562.