



## **EU Research and Innovation Funding – from Challenges to Opportunities**

**Stakeholder Forum  
Public Consultation on the Green Paper on the Future of European Research and Innovation Funding, 17 March 2011**

### **Results**

On the occasion of publication of the European Commission's Green Paper "From Challenges to Opportunities: Towards a Common Strategic Framework for EU Research and Innovation funding" laying the foundation of the up-coming Common Strategic Framework for future EU Research and Innovation Funding (CSFRI) and the related public consultation, the "European Liaison Office of the German Research Organisations" (KOWI) conducted a stakeholder forum in preparation for "FP8" in collaboration with the Austrian Research Promotion Agency (FFG) on 17 March 2011.

The event offered German, Austrian and Swiss practitioners from both academia and industry a platform to gather and exchange information about the various European positions regarding the up-coming Common Strategic Framework and about the current state of play of developments in Brussels.

During plenary sessions and topic-specific workshops, representatives from universities, research institutions, industrial enterprises and SMEs (Small and Medium-sized Enterprises) had the chance - on the basis of their hands-on experience - to debate together with political actors from European and national level the challenges and opportunities involved in re-shaping the upcoming Framework Programme. The event also provided the participants with helpful input for their own potential participation in the public consultation.

The Commission's Green Paper served as the basis for this stakeholder exchange. In order to prepare and structure the individual discussion groups, practice-relevant green-paper questions were selected and thematically compiled. In the workshop discussions, certain assumptions implicitly contained within the green-paper issues, among others regarding future structures and focuses for the Common Strategic Framework, were critically examined.

An overriding topic that was touched on in all of the workshops was the search for approaches to solutions regarding essential simplification of the set of rules for future EU research funding. The simplification process should, however, from the perspective of the participants not only concentrate on the financial rules for project implementation; rather requirements made for the application phase and contract negotiations must be tackled in order to streamline the process and shorten the 'time-to-contract'.

Other significant topics in the workshop discussions concerned transparency and a unified interpretation of rules. The participants' opinion showed that the harmonisation of funding rules for different instruments represents a vital step towards simplification.

Closely related to the issue of simplification was the request by the participants for more openness and flexibility within the individual funding structures. Other themes that were also discussed in this context included the introduction of more “bottom-up” elements in appropriate areas and in particular more broadly designed calls for pre-defined areas (e.g. within the context of the Grand Challenges) as important elements for future EU research funding.

Moreover, many participants argued for the continuity of successful funding instruments. Despite the necessity for reform and simplification in several areas, successful structures should be retained in order to avoid unnecessarily complicating changes to the up-coming Common Strategic Framework. At the same time, thoroughly suitable measures must nevertheless be adopted in order to provide simple access to the programmes for all potential participants to EU research funding.

The topic of innovation was intensively discussed from various perspectives in all workshops. From the point of view of many participants it is particularly important to create an uninterrupted, integrative funding chain, for which the instruments are optimally tuned to one another and closely linked. At the same time, funding should also do justice to the various demands from individual components within the innovation chain and should therefore be of a modular design. According to a majority of attendees, basic research forms an essential component in the innovation chain, the significance of which should not only be expressed through funding of the ERC; rather basic research could also be closely linked to measures for collaborative research through certain activities such as FET (Future and Emerging Technologies).

## **Workshop 1: Structures for funding and implementation**

### Relevant Green Paper Questions

- (1) What is needed in terms of and in addition to a single entry point with common IT tools, a one stop shop for support and a streamlined set of funding instruments covering the full innovation chain and further steps towards administrative simplification?
- (2) How should EU funding best cover the full innovation cycle from research to market uptake?
- (5) What should be the balance between smaller, targeted projects and larger, strategic ones?
- (6) How could the Commission ensure the balance between a unique set of rules allowing for radical simplification and a certain degree of flexibility and diversity to respond to the needs of different beneficiaries?
- (10) Should there be more room for bottom-up activities?
- (19) Should new approaches to supporting research and innovation be introduced, in particular through public procurement, including through rules on pre-commercial procurement, and/or inducement prizes?
- (26) How should international cooperation with non-EU countries be supported, e.g. in terms of priority areas of strategic interest, instruments, reciprocity (incl. IPR aspects) or cooperation with Member States?

### Discussion results

From both the sectors of industry as well as universities, the challenges of complex EU-projects were illustrated at the beginning of the workshop, suggestions were presented for future arrangement of the EU research-funding process and, in particular, simplification of the administration.

For nearly all participants, from industry as well as science, the conviction predominated that the level of complexity within the funding programmes would have to be considerably reduced. Funding decisions will have to be made quicker in order to organise, considerably faster, the time from proposal submission to signing of the agreement. It is however not only the processes for contract negotiations and project implementation that should be simplified, also the application procedure itself must be fundamentally simplified (e.g. two-stage call procedures with substantial simplification of the first stage). Basically, simplification measures should significantly alleviate project implementation for research organisations as well as for enterprises and SMEs.

In order to improve access to and participation in European Union funding programmes, according to most attendees, clearer and simpler rules must be defined in the future. All Commission departments and all European funding instruments should follow the same basic approach. From the participants view current negative examples are the non-unified regulations for project accounting, or the differentiated treatment of VAT reimbursement in various EU programmes. Harmonisation of regulations would also be necessary for improved coordination between Structural Funds and research funding.

According to many participants, regulations must be formulated in such a way that no differentiated interpretations for the EU Commission are possible. In this regard the beneficiaries are facing a lack of written provisions with clear and, hence, binding information by the Directorate-Generals. The 'Clearing Committee' suggested in the context of three recently adopted simplification measures represents an initial step in the right direction, but in its currently suggested set-up seems insufficient.

Participants emphasised that much confusion is caused by the Commission's handling of first and second level financial audits, the so-called 'ex-post audits'. Participants refused the current practice which included the re-examination of previously accepted cost calculation methods during first-level audits (on the Certificate of Financial Statements) in the course of ex-post audits. For the

beneficiaries, such re-examination is often linked to financial disadvantages and high administrative expenditures. Whenever audit results of second level audits differ from those of the first level audit (which had previously been submitted and accepted by the Commission), beneficiaries must recalculate project finances on the basis of the ex-post audit results. Therefore, most participants argue for the reduction of the number of financial audits required during the lifetime of a project.

From the participants' view selected research areas of a future Framework Programme could offer the possibility for 'bottom-up' calls for proposals, such as with 'Future and Emerging Technologies' (FET). But first of all, the details for the implementation procedure should be clarified, in order to avoid an oversubscription for the calls.

A request to the representatives of the EU Commission was formulated by the majority of the participants during discussion in plenum, not to regard all simplification measures and harmonisation of regulations as *moving targets*. Participants asked for simple, transparent and binding rules to be made available at the very beginning of the Common Strategic Framework.

## **Workshop 2: Research regarding implementation of the ‘Grand Challenges’**

### Relevant Green Paper Questions

- (1) How should the Common Strategic Framework make EU research and innovation funding more attractive and easy to access for participants?
- (4) 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?
- (8) How should EU research and innovation funding relate to regional national funding?
- (9) How could a stronger focus on societal challenges affect the balance between curiosity-driven research and agenda-driven activities?
- (17) How should open, light and fast implementation schemes (e.g. building on the current FET actions and CIP eco-innovation market replication projects) be designed to allow flexible exploration and commercialization of novel ideas, in particular by SMEs?
- (26) How should international cooperation with non-EU countries be supported, e.g. in terms of priority areas of strategic interest, instruments, reciprocity (incl. IPR aspects) or cooperation with Member States?

### Discussion results

The participants put forward the following points: In light of their prominent scientific and socio-economic significance, ‘Grand Challenges’ should be approached on an international level since they cannot be tackled by Member States on their own. An essential aspect in this regard is strategic collaboration between the ‘best’ in the whole world. Although the criteria of excellence should not pose obstacles for possible cooperation with International Cooperation Partner Countries collaborations should clearly focus on scientific problem solving for Europe – and not be primarily aligned to development aid.

Regarding the issues of identification and implementation of the ‘Grand Challenges agenda’, many open questions remain. Who defines and legitimates the Grand Challenges? Are R&D policies the most suitable instrument for tackling the Grand Challenges or would a focus on ‘social’ innovation be more appropriate? Which decision-making process would be applied in order to finally determine the Grand Challenges? In any case, an interpretation of the Grand Challenges that is too narrow should be avoided – they should be defined as an open strategic research agenda. Additionally, an interdisciplinary approach should form an essential characteristic of the Grand Challenges.

For collaboration activities between national and European/international research agencies suitable models of governance must be developed. The fact that these models will most likely be complex regarding their implementation must not lead to ‘complicated’ access for the research community. Within the diversity of the programme for European research funding, a continuous and important learning process is taking place among project managers, EU liaison officers and other administrators involved in EU research funding. Scientists themselves who carry out the research-work in projects, however, often cannot reproduce the same learning curve. Furthermore, the growing diversity of offered funding programmes can even prevent researchers from participating in the programmes.

Another topic of discussion revolved around the initiatives of joint programme planning by the EU Member States (Joint Programming Initiatives/JPI). In the opinion of most discussants the fundamental requirement for a successful implementation of Joint Programming are solid financial guarantees from the participating Member States. Those intending to submit a proposal as well as those who take part in joint programming initiatives require a binding commitment for Member States’ financial contribution in order to be able to participate. Even if not all Member States are prepared to participate in the respective programmes, a ‘two-speed Europe’ (due to differing levels

of national R&D resources) should be avoided, for example by a limited financial contribution from the EU budget.

In this context, excellence versus cohesion, a dichotomy underlined in the guideline paper of the German Federal Government (Leitlinienpapier), was broadly discussed. A solution regarding how unity of the problematic opposites could be accomplished could however not be provided in the end.

The participants assumed that the Common Strategic Framework will have to deal with the challenge of how to sufficiently cover the full innovation chain. An integrated approach should be applied in order to achieve full coverage of all elements along the chain and suitable funding instruments should be developed.

## Workshop 3: Career development of young scientists and mobility

### Relevant Green Paper Questions

- (1) How should the Common Strategic Framework make EU research and innovation funding more attractive and easy to access for participants?
- (23) Should the role of Marie Curie Actions be strengthened in promoting researcher mobility and developing attractive careers?
- (26) How should international cooperation with non-EU countries be supported, e.g. in terms of priority areas of strategic interest, instruments, reciprocity (incl. IPR aspects) or cooperation with Member States?
- (27) Which key issues and obstacles concerning the European Research Area should EU funding instruments seek to overcome and which should be addressed by other (e.g. legislative) measures?

### Discussion results

The workshop focused on the actions of the Marie Curie Programme (MC), the EU Commission's most important funding instrument in the area of young scientists and mobility funding. In the opinion of the participants the Marie Curie actions need to be continued as an autonomous Specific Programme in order to avoid a watering-down of the scheme. Whether partial integration into the 'Grand Challenges' would be desirable or how such an approach could be designed should be thoroughly examined. Most participants stressed that the Programme's *bottom-up* approach should be kept.

According to the discussants the MC Programme can be considered as an ideal entry point into the Framework Programme for newcomers from every stage of a scientific career. Since administration of the Programme has recently been transferred from the Directorate-General Research and Innovation to the Directorate-General Education and Culture participants wondered whether possibilities for synergies between the FP and the European education programmes could be further explored.

In order to ease the exchange of personnel under the MC Programme, in particular exchange between industry and academia (IAPP), improved flexibility regarding existing regulations is required. According to the participants it is of utmost importance that these simplifications would be made regarding the length and date of an exchange, the design of work contracts and financial regulations. Protection of Intellectual Property Rights (IPR) has proved problematic in the experience of many participants, especially as far as collaborations between industry and academia are concerned; appropriate solutions and regulations should be found for this in the future in order to improve conditions for exchange activities.

Concerning established instruments of the programme participants expressed their support for continuity – introduction of further instruments was not considered necessary. What is more, CO-FUND actions should remain a component of the programme. However, they should not be made priorities on the expense of other measures, particularly individual funding. In the opinion of many participants the financial mechanisms must guarantee a transparent and harmonised definition of the nature and handling of lump sums.

The information and support web-portal *EURAXESS – Researchers in Motion* was generally considered as helpful; the web-based offering should be retained and expanded. In the participants' opinion EURAXESS is extremely helpful, particularly for scientists from third countries.

In the subsequent plenary discussion, reference was made to the significance of the COST Programme as a mobility programme especially for young scientists with simple rules and procedures. Furthermore, the issue regarding the relationship between collaborative projects of the

Specific Programme 'Cooperation' and the Marie Curie Programme was raised. This concerned in particular a discussion on how further integration of mobility and exchange measures in cooperative research projects could be achieved. Finally, the significance of the Marie Curie measures for the new EU Member States, the so-called EU 12, was emphasised. From the view of the participants the MC Programme could significantly contribute, by means of mobility and exchange measures, to improved participation on the part of these countries in European research funding.

## Workshop 4: Basic research and promotion of excellence

### Relevant Green Paper Questions

- (1) How should the Common Strategic Framework make EU research and innovation funding more attractive and easy to access for participants?
- (2) How should EU funding best cover the full innovation cycle from basic research to market uptake?
- (9) How could a stronger focus on societal challenges affect the balance between curiosity-driven research and agenda-driven activities?
- (10) Should there be more room for bottom-up activities?
- (21) Should the role of the European Research Council be strengthened in supporting world class excellence?

### Discussion results

In order to narrow the overall workshop topic “Basic Research and Promotion of Excellence”, the group decided to focus on the concept of “Bottom-up frontier research”. According to most attendees, this element should be further strengthened in the European Research Council (ERC) as well as the upcoming Common Strategic Framework in a whole. However, the framework should avoid the impression that the criterion of excellence is only considered as valid within basic research projects.

Elements of bottom up frontier research should be implemented as well beyond the margins of the ERC into other programme sections and areas of the Common Strategic Framework. Participants also addressed the current debate on possible priority-setting of future research funding as well as the debate on strengthening output-based research as a contribution to innovation and competitiveness. In their view, basic research independent of political aims and with a long term outlook should be considered a major element of the overall innovation process.

In the opinion of an overwhelming number of participants there is no need to question the role of basic research in the whole innovation debate since it contributes significantly to the innovation process on an autonomous and long-term basis. Integration into the innovation chain should, therefore, not be forced, but rather encouraged, as intended by the ‘proof of concept’ funding by the ERC.

The majority favoured an autonomous status of basic research. Within the ERC, autonomy for basic research could be modelled on the examples of academic self-administration as practiced by the German Research Foundation (DFG) or the National Science Foundation (NSF).

In connection with the principle of ‘high risk, high gain’, the participants addressed the issue of how high risk research projects could be funded effectively. In this context, ‘high risk’ should not be of a numerable nature and ‘high gain’ should not be understood as to be realised within short notice. ERC evaluation panels should continue to look for cutting edge rather than ‘mainstream’ research projects.

It was also emphasised in the plenary discussion by few participants that not only the high risk nature of a project should be rewarded, but that also criteria such as creativity and original ideas should be taken into account in the evaluation process

## **Workshop 5: Research funding, cross-sectoral cooperation and innovation**

### Relevant Green Paper Questions

- (1) How should the Common Strategic Framework make EU research and innovation funding more attractive and easy to access for participants?
- (2) How should EU funding best cover the full innovation cycle from basic research to market uptake?
- (14) How should EU funding best take account of the broad nature of innovation, including non technological innovation, eco-innovation and social innovation?
- (15) How should industrial participation in EU research and innovation programmes be strengthened? How should Joint Technology Initiatives or different forms of ‘public-private partnerships’ be supported? What should be the role of European Technology Platforms?
- (16) How and what types of SMEs should be supported at EU level? How should this complement national and regional level schemes? What kind of measures should be taken to decisively facilitate the participation of SMEs in EU research and innovation programmes?
- (17) How should open, light and fast implementation schemes (e.g. building on the current FET actions and CIP eco-innovation market replication projects) be designed to allow flexible exploration and commercialization of novel ideas?
- (19) Should new approaches to supporting research and innovation be introduced, in particular through public procurement, including through rules on pre-commercial procurement and/or inducement prizes?
- (26) How should international cooperation with non-EU countries be supported, e.g. in terms of priority areas of strategic interest, instruments, reciprocity (incl. IPR aspects) or cooperation with Member States?

### Discussion results

This workshop addressed the research policy aspects of the ‘full innovation cycle’, the role of Joint Technology Initiatives (JTIs) within the innovation chain as well as of cross-sectoral programmes, in which small and medium-sized enterprises (SMEs) are usually either under-represented or not involved at all.

The Joint Technology Initiatives were introduced at the start of the 7<sup>th</sup> Framework Programme. Overall, the introduction of this new instrument was welcomed – despite the differing structures of the six JTIs-, but its set-up was considered as ill-conceived. Critical issues raised included the role of public research in industry-initiated research projects. Based on the current situation, rules for participation of public organisations within the JTIs have to be urgently clarified. In order to achieve the goals envisaged with introduction of the JTIs a solid basis for cooperation between industry and research institutions has to be established. This could be achieved for example, by improving the rules for participation for public research institutions (IPR, funding rates, cost recovery).

In contrast to JTIs, the instrument of Public Private Partnerships (PPP) was regarded as success from participants from academia, SMEs and industry. Participants agreed that the involvement of representatives from industry in the set-up of the research agenda of a PPP resulted in a higher participation rate of industry partners in the corresponding projects. Also the funding conditions, which are based on the funding rates within the Specific programme “Cooperation”, are considered as satisfactory for public entities.

The role of the European Technology Platforms (ETPs), was equally assessed as a good opportunity to gear calls for proposals towards the need of industry and thereby, to increase industrial participation.

According to participants, the obstacles for SMEs to participate in the EU programmes can be mainly attributed to the existence of a wide variety of funding instruments. This ‘jungle’ of funding schemes causes much confusion on the side of SMEs (e.g. due to the manifold nature of abbreviations used in

FP7). It is therefore not easy to motivate small enterprises to participate in the Framework Programme. In many cases, industry and in particular SMEs do not have the personnel to coordinate complex multi-national projects. According to the participants, a clear improvement could be achieved by a definition of 'areas of demand' along the research and innovation chain, which could alleviate the procurement of funds for SMEs.

Further problems are caused due to a lack of risk financing, which is rarely made available by banks. The extension of the Risk Sharing Finance Facility (RSFF) and the further development of corresponding schemes by the European Investment Bank (EIB) could increase companies' potential for innovation. Further potential for synergies between the special funding instrument of 'Research for the benefit of SMEs' and other incentives, such as mechanisms of public procurement or the LEAD Market Initiative, exists.

Regarding the topic of basic research and innovation, an axis model was discussed in the workshop. It was suggested to adjust the amount of funding according to the nature of a research project (basic research or market potential respectively). The closer a project is to the development of an innovative marketable product, the lower the funding would be. A project involving basic research should thus receive higher funding.

The topics within the current funding measures should in the opinion of many participants have a wider and more open orientation. Consequently it is not desirable to define a specific quota for SME participation within projects; rather SMEs need to be offered more opportunities to submit their own proposals.

To overcome the fragmentation of the funding landscape, the opinion was voiced by several participants that an orientation of the higher-ranking research objectives and topics as well as the design of funding instruments along clearly defined 'Grand Challenges' could contribute towards this goal.

The majority of the participants were in favour of not covering all phases of the innovation chain in one single funding instrument, e.g. an 'Integrated Project' but instead to set up various instruments along the innovation chain and to align them to each other. In this manner the various needs could be approached flexibly.

In the opinion of many participants, future EU research funding should not only include calls with very specific research topics but define broad scientific problem areas within each programme, for which solutions are developed by the research community.

## Further Information

Further documents of the event (in German) may be accessed via the following link:  
<http://www.kowi.de/desktopdefault.aspx/tabid-185/>

### General Information

- Agenda
- Questions for the discussion

### Presentations

- Green Paper and the Open Consultation on the Future of European Research and Innovation Funding  
Dr. Wolfgang Burtscher
- Overview on European 'FP8' position papers
  - Germany: Dr. Walter Mönig (without slides)
  - Austria: Dr. Christian Seiser
  - Switzerland: Dr. Philipp Langer