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EU research and innovation funding: The consultation on the Green Paper by the Commission

Why a consultation on future EU research and innovation funding?

The debate on the post-2013 period budget for the EU has already started. The Commission needs to prepare proposals for all of its funding programmes, including support for research and innovation, by the end of 2011. This consultation on EU research and innovation, therefore, invites stakeholders to provide views to help the Commission develop its proposal in this area.

It aims to maximise the contribution of EU research and innovation funding to implementing the Innovation Union policy ([IP/10/1288](#), [MEMO/10/473](#)) set out by the Commission in October 2010 and endorsed by EU leaders at the [European Council](#) on 4 February 2011.

What will improving the way the EU funds research and innovation do for ordinary Europeans?

In line with the Innovation Union, the Green Paper proposes an approach focused more directly on tackling today's most pressing societal challenges and therefore the concerns of Europe's citizens.

Successful research and innovation are prerequisites for improving quality of life, enhancing social welfare and boosting economic competitiveness. Indeed, using research and innovation to tackle key challenges such as climate change and health not only has intrinsic value, it can also give Europe a technological lead in the world markets of the future and create growth and jobs in Europe.

EU funding for research and innovation will have more impact if procedures are simplified and access widened. This will make things easier for participants, attract new applicants and drive up the already high quality of projects and of results. That in turn will help create new products and services – including better public services – that people want and will help Europe to create sustainable growth and jobs and be more resilient against crises.

These positive effects will be all the stronger if another aspect of the Green Paper – better cooperation between Member States themselves – is also realised.

How do the results of the 4 February European Council link to the Green Paper?

The European Council conclusions (available [here](#)) endorsing the Innovation Union are extremely positive in providing the clear political backing of heads of state and government for streamlining and simplifying research and innovation funding.

Among other things, EU leaders: specifically approved the principle of a Common Strategic Framework; called for rapid agreement by the Council and Parliament on the simplification of the Financial Regulation covering all EU funding; confirmed the Commission's proposal that the European Research Area should be completed by 2014; and agreed with the Innovation Union's strategic focus on the main societal

challenges as well giving the green light for the pilot European Innovation Partnership aiming to add two years on average to healthy life for Europeans.

The conclusions on energy are also very helpful in underlining the priority to be given to this key challenge, including in research and innovation.

How much EU funding for research and innovation is currently available and how is it being provided?

Over the previous multi-annual financial frameworks, EU funding for research and innovation has increased steadily. In 2013, the last year of the current financial framework, research and innovation will constitute more than 7 % of the total EU Budget.

The current budgetary period 2007-2013 covers the following programmes and initiatives that support research and innovation:

- The [Seventh Framework Programme](#) (FP7) with its budget of 53.3 billion euro supports research, technological development and demonstration activities across the EU. Its activities are implemented under four Specific Programmes: Cooperation, Ideas, People and Capacities; it also supports research conducted by the Joint Research Centre (JRC) - the Commission department providing scientific and technical support for the development and implementation of EU policies - and research on nuclear energy (Euratom).
- The [Competitiveness and Innovation Framework Programme](#) (CIP) has a budget of 3.6 billion euro and aims to encourage the competitiveness of European industry, with SMEs as its main target. Its actions are implemented under three programmes: the Entrepreneurship and Innovation Programme; the Information Communication Technologies Policy Support Programme; and the Intelligent Energy Europe Programme.
- The [European Institute of Innovation and Technology](#) (EIT) is an autonomous EU body promoting and integrating higher education, research and innovation of the highest standards. With a contribution of 309 million euro from the EU Budget, the EIT mobilises funds from public and private sources; and, it showcases new forms of engagement between the worlds of education, research and business through its Knowledge and Innovation Communities (KICs).
- Under the [Cohesion policy](#), around 86 billion euro (almost 25% of the total Structural Funds budget) is allocated to enhance the capacity of regional economies to change and innovate. This investment focuses on four key elements: R&D and innovation, entrepreneurship, ICT and human capital development.

How much funding will be available for research and innovation in future?

No decision has been taken yet, but discussions have started in the context of a broader debate on EU Budget for the post-2013 period. The Commission needs to prepare its proposals for supporting research and innovation by mid-2011.

The EU Budget Review published last autumn called for the future EU Budget to be closely linked to the EU's policy priorities, as set out in the Europe 2020 strategy. Research and innovation are central elements of this strategy: if Europe wants to live up to its ambitions and tackle today's major challenges, it needs breakthroughs that only research and innovation can deliver. Therefore, a credible, modern and forward looking EU Budget needs to have research and innovation as a core component.

Why is the Commission proposing a Common Strategic Framework?

The current range of EU programmes for research and innovation fund many important activities across the full innovation chain. Innovation is a process and so it makes sense that the programmes that support it are joined up as well. There is also a need to make participation more attractive especially for Small and Medium Size Enterprises (SMEs) who are often at the forefront of innovation.

Currently, there is a risk of overlap and duplication between programmes. For example, SMEs are targeted by both FP7 and the CIP. A Common Strategic Framework will lead to greater impact by streamlining the support offered, while maintaining flexibility. Furthermore, the variety and complexity of rules and procedures across the different programmes is causing confusion and has been criticised by stakeholders; the Common Strategic Framework will allow simpler, more consistent and more predictable rules. And it will make it easier for participants to find out where they can obtain funding for their activities.

A Common Strategic Framework will demonstrate more clearly how EU funding links to the EU's overall policy objectives.

What will be the implications for FP7, the CIP and the EIT?

Where possible some streamlining will be explored but the key changes will be implemented after the end of the current funding framework – which finishes in 2013 – and at the time of the launch of new initiatives.

What further steps towards simplification will be taken?

Further steps towards simplification will build on the impetus given by the Commission Communication on simplification of the Framework Programmes for Research.

As a first step, the Commission adopted on 24 January a number of concrete measures to make FP7 more accessible and attractive ([IP/11/57](#)). Those were measures the Commission has the legal power to take under its own prerogatives.

Most further changes will require either direct changes to the legislation governing the relevant programmes – which the Commission will propose later this year – and/or changes to the financial regulations covering all EU funding programmes in all policy areas (already proposed by the Commission and being discussed by the Member States and the European Parliament).

The Green Paper sets out for consultation how the Common Strategic Framework could take further steps towards simplification - for example, by developing more standardised rules and procedures for all beneficiaries of EU research and innovation funding. The Green Paper also raises the possibility of a wider use of lump sums and the general acceptance of beneficiaries' own accounting practices: rather than forcing them to implement parallel accounting systems simply to be able to take part in EU projects, as is sometimes currently the case.

Why focus on innovation and how will EU funding assist in achieving it?

Europe- and indeed the world - is faced with unprecedented challenges: climate change; an ageing population; the need to move towards a low-carbon society, just to give three examples. Meeting these challenges is at the heart of the Europe 2020 strategy and requires breakthroughs that only research and innovation can deliver. Furthermore, in today's knowledge-based economies innovation is key to prosperity.

The EU Budget Review argues for better alignment between EU funding and EU policy priorities, with a stronger focus on actions with high EU added value, and a determined drive to generate more impact from EU funding, especially in terms of innovation.

The Green Paper proposes bringing all EU research and innovation within a Common Strategic Framework to support the full innovation chain "from the laboratory to the market". This will make Europe better at turning knowledge into innovation, and help Europe seize market opportunities for innovative solutions.

Will a stronger focus on innovation endanger much needed excellent basic research in favour of more applied research and innovation?

No. On the contrary the Commission is also aiming to reinforce excellence in basic research and support for that excellence.

The Green Paper points out clearly that excellent basic research is vital to ensure innovation and competitiveness in the long run.

Without basic research the scientific and technological breakthroughs needed to generate new products, new services and new business opportunities would simply not be possible.

This is clearly reflected, for example, in the priority given to the European Research Council in both the Innovation Union flagship initiative and the Green Paper.

What will be the role of the private sector (including SMEs)?

Innovation requires private enterprises to use cutting-edge knowledge to develop innovative solutions and take them to the market. A strong participation of the private sector in EU programmes is, therefore, of crucial importance. The Green Paper seeks input on how this can be better achieved.

A number of options are raised, notably providing funding across the full innovation cycle, building on current approaches (such as the European Technology Platforms and public-private partnerships such as the Joint Technology Initiatives). A greater use of financial instruments such as the [Risk-Sharing Finance Facility](#) – an idea endorsed by EU leaders at the European Council on 4 February - is also proposed. The Green Paper requests views too on novel approaches such as greater support to non-technological innovation activities (like design or marketing) or offering EU-level innovation prizes.

SMEs in particular have a pivotal role to play in developing novel products and services. Their involvement in EU level actions therefore needs to be strengthened and the Green Paper seeks input on how to achieve this, building on the experience with the FP7 and the CIP.

What will be the role of European universities and research institutes?

Europe's universities and research institutions are key providers of the cutting-edge knowledge needed to spur innovation. Yet, while Europe's research base is among the most productive in the world, it lacks sufficient world-class excellence in exploiting ground-breaking research for economic prosperity. EU research and innovation funding will be a key tool to promote continent-wide excellence amongst Europe's best researchers. Tackling societal challenges, and strengthening the competitiveness of Europe's industry, will also require collaboration between the public and private sectors to exploit Europe's potential to the fullest. European universities and research institutes will need to be key players in this.

How does EU funding relate to national funding?

Over 90% of public research and innovation funding in Europe comes from the national or regional levels. Despite some progress, national and regional governments still work largely according to their separate strategies. This leads to inefficiencies, and so the need to improve the relationship between national and EU funding is explicitly addressed in the Green Paper. This could, for example, mean building on the experiences of pooling Member State resources through activities such as [ERA-Net](#), [Article 185 initiatives](#), or [Joint Programming](#).

Will the Commission propose channelling more of the funding through independent bodies?

The majority of EU research and innovation funding is directly managed by the Commission. A significant part of the funding is also administered by bodies such as the Research Executive Agency and the European Research Council Executive Agency. For the post-2013 period, the Commission will determine which implementation modes are best suited for achieving the objectives of the Common Strategic Framework. This will include a careful analysis of all options to ensure that the maximum amount of funding is available for the projects themselves.

How does the autonomous EIT fit within the Common Strategic Framework?

The European Institute of Innovation and Technology is an autonomous EU body set up to promote and integrate higher education, research and innovation of the highest standards. The EIT receives a contribution from the EU budget which it uses to mobilise funding from other public and private sources to showcase new forms of interaction between education, research and business through its [Knowledge and Innovation Communities \(KICs\)](#). The EIT will therefore clearly be one of the key players in the Common Strategic Framework.

How is the consultation going to work?

A public consultation website (<http://ec.europa.eu/research/innovation-union>) has been set up where stakeholders can express their views. The website includes an online questionnaire, and an entry point for the submission of position papers. Member States have been urged to promote the debate among their own stakeholders. In addition, full use will also be made of social media. This will include a blog for interactive discussions on some of the main ideas in the Green Paper and on inputs received.

The consultation will close on 20 May 2011. On June 2011, the Commission will invite a wide range of stakeholder representatives to a conference in Brussels to discuss the consultation outcome.

How many answers are you expecting?

The Commission expects and hopes for a very high level of interest. A similar consultation, which was held in 2004, attracted responses through an online questionnaire from over 1700 organisations and individuals from across Europe and other countries, including universities, large companies, SMEs, associations and government bodies. In addition, over 100 position papers were received.

Why do you need a new name? What about the competition?

A new name is needed for two reasons. First, the nature of EU funding for research and innovation will be changed, with coherent focus right along the innovation chain as described above. Second, despite their major success, the existing instruments involved are not necessarily widely known beyond participants and stakeholders. A new name – including the competition to find one – will help boost wider public awareness.

The competition will be announced in the next few weeks and the details will be posted on the Research and Innovation website <http://ec.europa.eu/research/home.cfm>. The announcement of the winning entry is envisaged at the international conference on the results of the consultation on the Common Strategic Framework, scheduled for 10 June 2011 in Brussels.

How does this relate to the consultations on the future Competitiveness and Innovation Programme (CIP) and on the European Institute of Innovation and Technology?

The consultation which is launched through this Green Paper will be complemented by more targeted consultations on specific aspects, such as on the EIT's Strategic Innovation Agenda. The results of the public consultation on the future of the CIP will also feed into the general conclusions of this consultation on the future of EU research and innovation funding.

What is the response of the Commission to the Interim Evaluation of the Seventh Framework Programme?

The full Commission response can be found [here](#).

The Commission has made concrete proposals on each of the points the experts raised. The simplification measures announced on 24 January (see [IP/11/57](#)) are an important part of the policy response. Researchers and innovators in FP7 will be freed from unnecessary paperwork, which will save several million euro – money that can be better re-invested in research.

The legislative proposals the Commission will make before the end of 2011 on the Common Strategic Framework will take into account the interim report, alongside the results of the consultation announced today. Steps will also be taken to improve implementation: these will include a fresh look at international collaboration and measures to ensure a better gender balance in advisory and evaluation committees.

How will the Commission deal with the results of the assessment of the Risk Sharing Financing Facility (RSFF)?

The Commission is taking seriously the recommendations of the interim evaluation of the Risk Sharing Financing Facility (RSFF). These mainly concern the current under-representation of SMEs, universities/research organisations and research infrastructures. Talks with the European Investment Bank Group (EIB and EIF) have started about possible further improvements, which could increase participation of these groups with the objective of implementation in 2011. The interim evaluation also underlined the importance of continuous financing of the RSFF. The EU contribution to the RSFF for 2011-2013 should reach € 0.5 billion. Council and European Parliament have already agreed in principle on this release, and they have reserved €0.25 billion in the EU Budget 2011 for the RSFF.

What is more, increasing the size of the RSFF has now been explicitly endorsed by the European Council on 4 February.