



# Position Paper

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## EUROCHAMBRES' position on the 9<sup>th</sup> EU Framework Programme for Research and Innovation post 2020 (FP9)

The 9th Framework Programme for Research and Innovation (FP9) should be an integral part of a horizontal Common Research, Technology and Innovation Policy (CRTIP) within the EU. The CRTIP, as a framework for FP9, should be closely interconnected and coordinated with the sectorial policies of the relevant Directorates-General. It should not fall under the responsibility of a sole Commissioner but should integrate the objectives and contents of all relevant EU strategies for research and innovation. Moreover, the CRTIP should adopt a far more comprehensive and extensive approach, which goes beyond direct funding measures and takes into account different aspects – either relevant, conducive or obstructive – to research and innovation, e.g. an innovation-friendly regulation and the EU state aid framework for research, development and innovation.

The FP9 should build on the previous framework programmes and be more innovation-oriented, business-friendly, simpler and more efficient.

The FP9 should pursue the following objectives:

- Create new knowledge and a top position (first movers) in relevant areas and make use of such knowledge to enhance competitiveness and growth potential in Europe as well as to contribute to tackling societal challenges.
- Pool resources and help mobilise complementary public and private funds at national and regional level to further enhance the performances in the field of Research and Innovation.
- Support European project and programme-oriented networks and infrastructures enabling more efficient research, faster innovation cycles and a more effective implementation of scientific-technical knowledge on the European market.
- Strengthen Europe's position in Research and Innovation.

In order to achieve these objectives

- The core target of a 3% rate for R&D should be maintained beyond 2020. Therefore, the FP9 budget should be increased compared to the budget of Horizon 2020. The programme should focus on measurable effects and concrete results in the real world (impact). The new focus should go beyond a merely input-oriented research programme and shift towards a more innovation, output, impact and market needs-oriented programme.
- Synergies between FP9 and other EU-funded programmes (e.g. COSME, ESIF and EFSI) should be further developed and strengthened. Any overlap between existing EU programmes should be carefully avoided to ensure an efficient use of the available resources. The collaboration between

National Contact Points' network (sectorial support) and the Enterprise Europe Network should be improved and clarified for the applying companies.

- A clearly-defined division of work between the Commission and Member States, based on the principles of subsidiarity and complementarity, should be ensured.
- The business community should be involved in the definition of topics and in the programme implementation to ensure that programme planning and the investment trajectories of the European industry sectors are compatible. This would enable a higher leverage effect of European programmes.
- With regards to the participation in and funding eligibility for the FP9, in order to ensure a well-functioning innovation ecosystem there should be no restrictions based on organisations' size or type.
- A part of the FP9 financial resources should be available for flexible reactions to needs that are not foreseeable during the planning process and that might arise during the implementation of the programme.
- Further efforts in relation to administrative simplification should be made under FP9.
  - A uniform, coherent and simple set of rules should be applied to FP9 and to the initiatives linked to it.
  - Further efforts should be made to reduce both the time-to-grant and the time-to-money so that they can match shorter development and product lifecycles.
  - In order to address the issues related to the low success rate and to the oversubscription, also observed in the context of Horizon 2020, the budget allocation for the FP9 should be increased and a larger share of programme resources should be tendered through a two-stage application process in order to minimise the sunk cost of non-funded proposals throughout the UE and to reconcile the probability of funding with the amount of work needed for the preparation of an application.
  - The provisions on final reporting and project cost calculation should be further simplified in order to reduce the administrative burdens on businesses, particularly SMEs, that were pointed out in the context of the mid-term review of Horizon 2020.
- The current three-pillar structure of the Horizon 2020 programme – Excellent Science, Industrial Leadership, Societal Challenge – should be maintained. The following adjustments are nevertheless recommended:
  - The first pillar, Excellent Science, should be largely bottom-up and include the ERC-funding instruments that aims to bring scientific knowledge to higher Technology Readiness Levels (TRLs).
  - The second pillar, Industrial Leadership, should address TRLs that are higher than the first pillar but lower than the third. Unlike the other two pillars, Industrial Leadership should focus on relevant technology oriented topics (LEIT) for both SMEs and large companies. The financial instruments should be kept under the second pillar and be developed for areas where the possible scalability of innovations does not correlate to the very high expectations of the venture-capital funding or where the timeframes between market and success are very long. It is suggested to include in the budget costs that a company define for an R&D project also the costs related to demo activities within pilot facilities. The piloting and scaling up is indeed a risky and expensive process, which could represent a significant barrier for SMEs and start-ups towards market access. Moreover and beyond TRLs,

enhanced support to all forms of close-to-market innovation, including non R&D-based and non-technological innovation, should be taken into consideration. SMEs should be supported in addressing consumer needs. FP9 LEIT should base its approach on few but effective financial instruments for companies, helping them to better identify the competitors, the market (the unmet needs) and get value out of it.

- The third pillar, Societal Challenges, should be allocated a higher budget and should focus more on innovation activities (e.g. demonstration and market replication) compared to Horizon 2020. Due to the global relevance of Societal Challenges, provisions for cooperation with FTI-Stakeholders from outside the EU should be included. In this pillar, impact should be strengthened as an evaluation criterion. The evaluation of topics and the evaluation of proposals should be led by a more customer-oriented approach.
  - The programme Science with and for Society, which deals with ways of aligning RTI activities with societal needs, should be an integral part of both Excellent Science and Societal Challenges. The need to overcome non-technological market barriers in these areas should be specifically addressed in order to achieve higher efficiency.
  - The programme Spreading Excellence and Widening Participation, which aims to reduce structural disparities between national research and innovation systems, should be integrated in the ESIF successor programme. This would contribute to a better division of tasks between national and EU level.
- Due to specific difficulties faced by SMEs (e.g. in relation to access to markets and to funding as well as to the lack of their own R&D infrastructure), the allocation of 20% of the budget under the second and third pillar to SMEs should be maintained under FP9 and the amount of funding should not be reduced.
  - The European Innovation Council (EIC) should play a bridging role between the second and the third pillar by combining all bottom-up instruments such as Eurostars, the SME Instruments and Fast Track to Innovation. The funding for these instruments should be provided by a joint budget for all topics under pillar two and three. As the solution of future societal challenges might be based on business models, which partly do not rely on R&D, the support of these business models, along with the development of a clear intervention logic, will be crucial.
  - The EIC should focus on initiatives with an Investment Readiness Level demonstrating the validation of Product-Market fit and a link to the customer base and to the market. Such initiatives should have strongly committed teams and proved capacity to scale, with clearly defined and communicated indicators for selection. The European Institute of Innovation and Technology (EIT) should continue to implement the reforms requested by the European Court of Auditors, which are necessary for an effective continuation of its activity
  - The EIC should be complementary to the Enterprise Europe Network. Any overlap of tasks or services between the two should be avoided in order to ensure an effective use of the available resources. Services related to innovation and product internationalisation, that might be of interest for both the Network and the EIC, should remain under the Enterprise Europe Network umbrella if the latter has proved effective in providing them and is found to be better placed to continue to do so.
  - A good balance should be found between the Commission's willingness to ensure the openness of data and the need to safeguard business competitiveness and secrets. Besides burdening businesses with red tape, the application of open-data and open-access concepts can pose significant threats in the areas of competitive and applied research and development, where companies requested to make publicly available strategic data risk to lose their competitive

advantage. "Open-to-the-world" should not be understood as an invitation to the loss of competitive advantages, nor should it be prejudicial to novelty for a patent application or future exploitation. Therefore, for close to the market and competition-relevant actions an "opt-in" instead of an "opt-out" regime is recommended.

- Past experience has shown that due to their limited size and resources, SMEs often face specific challenges when trying to develop an innovation project: in particular, typical issues regard elements such as the management of a project that includes foreign partners and the project outcome IPR. The role of external "innovation intermediaries", including Enterprise Europe Network partners, is often key for the project's success, and it should be always envisaged (albeit not forced) in all programmes targeting SMEs.
- The participation of the private sector essentially depends on the expected market potential. Since companies differ from curiosity-driven stakeholders in their assessment of the potential contributions to problem solving, suitable arrangements for both types have to be ensured in order allow their involvement in the programming process. In this context, the systematic involvement opportunity of the European business community in the definition of the topics and in the programme implementation has to be ensured in order to ensure the programme planning is compatible with the investment trajectories of the European industry sectors and hence to enable a higher leverage effect of the European programmes. E-mobility would be an example in this respect.
- Repayable grants tied to certain conditions would counteract the objective and intervention logic of FP9. Moreover, they would result in high efforts in terms of attribution even years after the end of the project and create considerable legal uncertainty.
- Loans are not considered an appropriate instrument for research and innovation funding, except for small niches very close to market activities. Grants should remain the favoured mode of financing.

As a final remark, it should be observed that, based on the principle of additionality, EU funding programmes for research and innovation are not meant as a substitute for national funding instruments. National governments should make efforts to increase their funding for research and innovation.

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