

11 October 2017  
#EARTOPolicy17

# EARTO POLICY EVENT 2017



European Association of Research and Technology Organisations



# Towards FP9: Maximising R&I Impact To Ensure Europe's Position As Global Player

EARTO  
POLICY EVENT  
2017

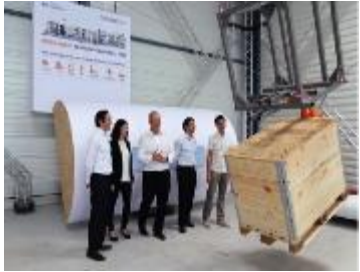
# Frank Treppe

President,  
EARTO





# RTOs Solve Real-World Problems



**Smart Cranes  
for smart  
industry**



**Low-allergic  
surgical  
gloves**



**Test  
environment  
for road  
safety**



**Fast-charging  
electric bus  
system**



**Innovative  
treatment for  
muscle  
rehabilitation**



**Eco-friendly  
and fire-proof  
rubber**



**Cheaper &  
more efficient  
LED lamps**



**Innovative  
treatment for  
lung and skin  
infections**

# EARTO Moto: **Impact Delivered!** EARTO Vision: **Technology for a Better World**



# Future EU R&I Programme FP9: What Target?

	»Make in India« strategy India as »the next destination«
	»Made in China 2025« intention to turn China »securing power«
	will inevitably have a strong country's industrial policy
	Europe ???

R&I as Geopolitical  
Factor for future of EU!

**What is today  
the most  
important issue  
for FP9?**





# EARTO First Thinking Forward for FP9

Three EARTO papers published last year:

H2020 Midterm Review

H2020 Funding Model

Guiding Principles for FP9



## Improving the Impact of Horizon 2020 - EARTO Feedback for Horizon 2020's Mid-term Review

5 September 2016

Following our joint paper with IGL0 in 2014, EARTO is pleased to present to the EU Institutions a second feedback document on the practical experiences in responding to the various calls for proposals under Horizon 2020 (H2020). This paper aims to support the European Commission's efforts towards simplification in light of the Programme's mid-term review and will be part of a set of various EARTO inputs to follow along the process on issues such as H2020's funding model and the vision for FP9. In addition, EARTO has already contributed with several recent papers to be taken into consideration for the process, including on the revision of the EU Financial Regulation and on the European Innovation Council, available [here](#).

EARTO members would like to start by acknowledging the challenges involved in implementing an ambitious Programme such as H2020 and congratulate the Commission for the large efforts and clear improvements made in particular the faster time-to-grant, the revamped participant portal and the improved on-line submission procedure. The Model Grant Agreement and its annotated version provide excellent guidance for participants in everyday work, even if improvements are still needed. The Commission's continuous efforts towards simplification since 2014 as well as its openness for dialogue on the "glitches" in the system and workable solutions for all parties have also been much appreciated.

H2020 is an extremely relevant Programme for RTOs, RTOs core business being to perform applied research in cooperation with academia and industry. Accordingly, EARTO members are involved in all parts of H2020, strongly contributing to increasing its impact on innovation. Data from the EC eCORDA database from June 2016 shows that so far 7.7% of all the EC funding for H2020 was granted to projects with EARTO members, which represents a total EC contribution of €1.3bn. A summary of the key figures on EARTO members' participation in H2020 can be found [here](#). In addition, an EARTO economic footprint study showing the impact of public grants received by RTOs in the EU economy in 2014 can be found [here](#). The study estimated that in 2014 each job in an RTO generated a total of 3 new jobs in the economy and that for every €1 invested in an RTO, €3.8 returned back to governments (these figures do not include the long time effects of the R&D performed).

EARTO members have been very active in H2020 since its launch. Accordingly, this paper builds on the on-going work by the EC towards simplification and the extensive experience of EARTO members in participating in EU R&D funding programmes. By doing so, EARTO members aim to bring forward new ideas to increase the impact of EU R&D spending done via H2020. EARTO appreciates the dialogue already in place with EU Institutions and Member States on this dossier and is ready to further discuss the recommendations outlined below and in the next papers still to come.

### 1. Oversubscription

RTOs play an active role in supporting the EU's innovation ecosystem using H2020 funding combined with their national support as well as their own investments and resources. The latest figures show H2020 today as a highly competitive Programme with very low success rate in some areas. H2020 seems to be evolving from a "cooperation programme" towards a "competition programme", which highly discourages participants and undermines the attractiveness of the Programme. Acquisition costs of EU projects are reaching such peaks that they are becoming major drawbacks for applicants.

The Commission has already acknowledged the high oversubscription and has announced plans to extend the use of two-stage submissions to help tackle this issue. The effectiveness of this procedure remains to be demonstrated still, as it can increase time-to-grant. In addition, in practice, applicants most often start preparing the second stage proposal before the results of the first stage are released, thus offsetting the intended burden reduction for those who are not selected.

Here we would like to put forward recommendations to help address this issue:

- **Bring more focus to the calls' topics:** The calls' texts are often too broad for the budget available. EARTO believes that by narrowing the scope of calls, the EC could reduce the number of applicants while still keeping the best parties involved. It is important to note that more targeted calls also facilitate evaluation.



## EARTO Paper on the Horizon 2020 Funding Model Input for the Mid-Term Review

22 September 2016

The European Commission was guided by the goal of simplification when drafting the funding model for Horizon 2020 projects. By limiting the eligibility to direct costs while covering indirect costs with a 25% flat rate on direct costs, the Commission aimed to achieve a simpler, fairer and more reliable funding of research and innovation projects in Horizon 2020. EARTO members very much welcome and support these goals and remain ready to provide our expertise to assess if these goals will actually be achieved over the lifetime of Horizon 2020.

The financial experts of EARTO members across Europe share their experiences and good practices on a regular basis and have an inside view on the workings and implications of Horizon 2020 funding rules in the RTO community and beyond. The EARTO Working Group Financial Experts looks at the following questions:

- **Simplification:** Does the funding model of Horizon 2020 decrease the administrative burden for beneficiaries?
- **Fairness:** Does the funding model of Horizon 2020 foster the equal treatment of beneficiaries in Horizon 2020 projects?
- **Reliability:** Will beneficiaries' efforts for compliance with Horizon 2020 rules be honoured in future audits?

This paper matches RTOs' hands-on experiences applying Horizon 2020 funding rules with the well-intended goals of these rules. Based on the conclusions, EARTO offers recommendations for a simpler, fairer and more reliable funding model aiming to improve the effectiveness of EU spending.

### Horizon 2020 Funding Model: Based on a Clear Distinction between Direct and Indirect costs

Eligibility of costs is a clear-cut issue in Horizon 2020: direct costs are generally eligible and funded at 100% and topped with a 25% flat rate for covering indirect costs. Actual indirect costs are not eligible. This concept is based on the assumption that there is a clear separation ("firewall") between the category of direct costs and the category of indirect costs:



- Direct costs are directly attributable to the project and therefore seen as essential for the execution of the project. This category is limited to booking entries for direct project hours via time sheets and project-specific third-party invoices and may include under certain provisions also explicitly measured costs (e.g. large research infrastructure).
- Indirect costs are not directly attributable to the project and therefore seen as not essential for the execution of the project. This category includes all other costs items such as more general mark-up rates. Also, in Horizon 2020 the EC considers detailed internal invoices as indirect costs, which was not the case in FP7.



## First Thinking Forward for FP9 - Guiding Principles Background Paper for EARTO Policy Event on 12 October 2016

7 September 2016

EARTO very much welcomed the debate initiated by Commissioner Moedas last year on a possible European Innovation Council as a part of the much needed discussion on how we can step up Europe's research & innovation policy. We can only applaud his efforts to bring this topic forward at EU level in a difficult European economic and political context. The European Institutions being Council, Commission and Parliament, have the opportunity thanks to the Horizon2020 mid-term evaluation to initiate a constructive debate on EU research & innovation policy and on what should be done during the second half of Horizon2020 to prepare FP9. In this context and thinking forward towards the preparation of FP9, EARTO, having as its motto "Impact Delivered", is happy to offer the following key recommendations. We look forward to a continued constructive dialogue.

### Recommendation 1 - Prioritise Impact

Europe needs to focus on interventions that matter and bring clear benefits to European citizens. This has been made even clearer by the result of the Brexit referendum. In order to value Europe and its research & innovation efforts, citizens need to see the impact of EU research on the economy and its contribution to solving their challenges, demonstrating true European added-value. To have stronger impact on jobs and growth, EU R&I programmes must follow the main political lines set by the Juncker Commission by being "big on big (European) things & small on small (European) things". Impact is clearly a "big thing".

### Recommendation 2 - Strengthen Excellent European Collaborative Applied Research

The strongest aspect of Horizon2020 is its focus on excellence and collaboration across a variety of R&I actors ranging from RTOs, industry (large & SMEs) and academia (universities & science academies) to public actors (regions & various local actors), across Member States. Excellent European Collaborative Applied Research should continue to be fostered within the EC framework programmes as an indispensable element of our European research and innovation ecosystem in order to have real impact in terms of job creation and economic growth.

### Recommendation 3 - Ensure a Balance between the 3 Funding Pillars

Balance across the whole research and innovation chain from fundamental to market-innovation driven research should be provided at EU level. A reasonable balance between the three funding pillars within Horizon2020 should be a key target for the mid-term review. As identified by the EESC, making the appropriate balance between those pillars will require looking at their differences in terms of impact, lead times, leverage effects and in particular their specific European added-value.

### Recommendation 4 - Target Europe's Innovation Capacity

The impact of EU R&I funding is hinged on improving our innovation efficiency, by which we mean effective transformation of scientific knowledge into new and advanced products and services for successful commercialization. The research expertise of RTOs, the result of our heavy investments over the past decades, can give Europe a sustainable competitive advantage in the coming decades if we succeed in exploiting it now. Successful innovation has multiple facets and has to be achieved in a complex landscape. There needs to be effective collaboration and cooperation between the actors in the innovation chain to achieve the journey to commercial success. The setting up of the EIC would help to provide the necessary structure and coordination to boost innovation.

### Recommendation 5 - Promote Collaborative Participation by Industry

To create impact with EU R&I programmes, participation of key industrial sectors and companies must be further promoted to ensure market introduction by industry. Collaborative involvement of large and smaller companies (outside the SME instrument) should be further promoted. In H2020 projects (as in past FPs), RTOs foster industry participation: with the average industrial involvement in H2020 projects increasing to 31.2% when EARTO members are involved in the project from 25.7% when they are not part of the consortium. This share increases even to 33.2% when considering only the 10 largest European RTOs.



# EARTO First Thinking Forward for FP9

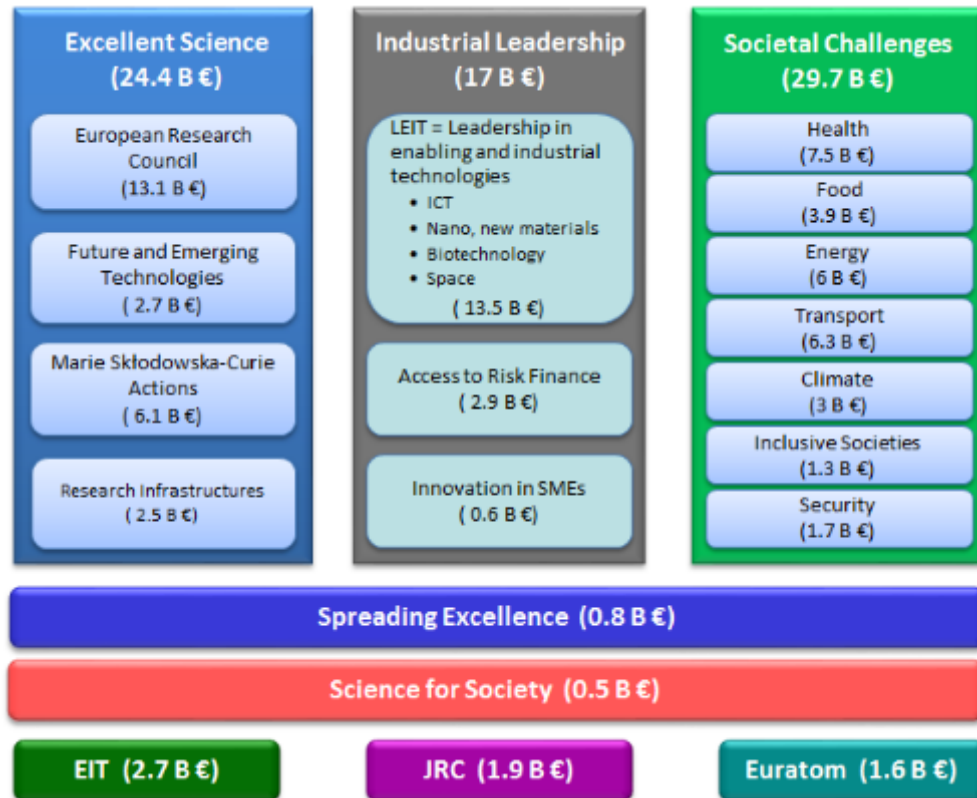
1. **Prioritise Impact (with EU added-value)**
2. **Strengthen Excellent European Collaborative Applied Research**
3. **Ensure a Balance Between the 3 Funding Pillars**
4. **Promote Collaborative Participation by Industry**
5. **Target Europe's Innovation Capacity**
6. **Further Promote European Added-Value**
7. **Ensure Grant-Based R&I Funding as Key Element**
8. **Taking Stock of Existing R&I Infrastructures**
9. **Continue Efforts on Simplification**

Economic  
Technology  
Application  
Market  
Solution  
Focus  
Value  
Priority  
Delivered  
Industry  
RTOs  
Social  
Research  
Global  
Innovation  
Growth  
IMPACT  
Jobs



**FP Pillar II & III activities key!**

# EARTO Position on FP9 based on H2020 Experiences so far



- **EARTO Members Strongly Contributing to H2020:** they received **7,7%** of all H2020 EC funding so far
- **EARTO Members Involved in H2020 Large Multi-stakeholders Collaborative Projects:** H2020 projects with EARTO members count **12 partners** per project on average (average FP is 3)
- **Average industrial involvement in H2020 projects increases to 31,2% when EARTO members are involved in the project** (25,7% when they are not in consortium).

# Joint Declaration by Industry and RTOs

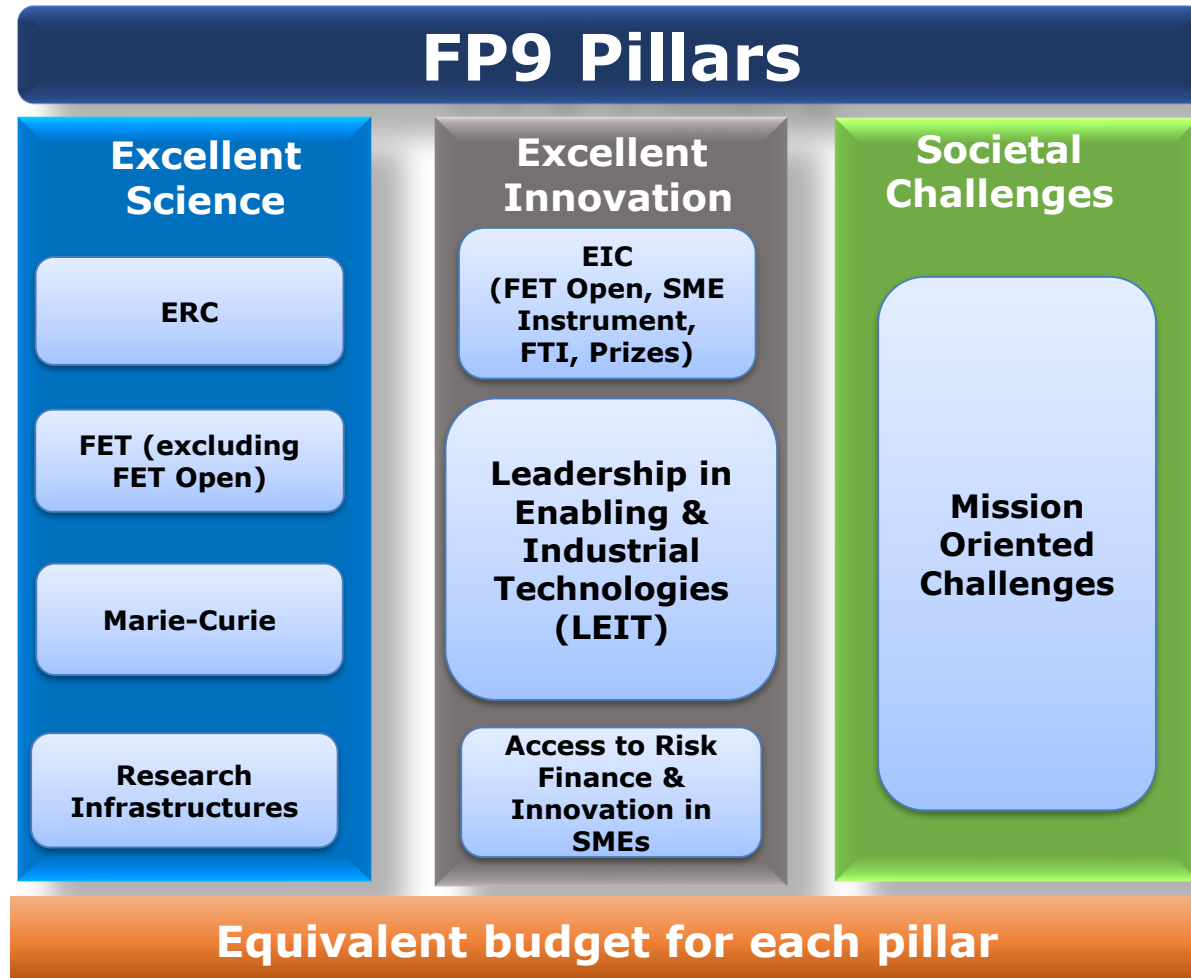
## An Ambitious FP9 Strengthening Europe's Industrial Leadership

- **Increase significantly the overall EU budget for R&I**
- Focus on a **well-balanced three-pillar structure**, with equivalent share of budget
- **Strengthen the EU industrial leadership** to guarantee sustainable application and implementation of European research
- **Continue financial incentives in form of grants** for all actors of the value chain





# What Structure for FP9?



- Evolution, no revolution
- Safeguarding LEIT and KETs is essential
- No more financial instruments needed: grant-based funding is a key element

# Discussion Today

Impact

FP9

Lamy Report

Collaborative Research

Missions

Pillars

Industrial Value Chains

Simplification

EU Added Value

Ecosystems

Infrastructures



# Introduction: Mr Pascal Lamy

- **Head of Cabinet of EC President Jacques Delors – 1985-1994**
- **European Commissioner for Trade – 1999-2004**
- **Director General of the World Trade Organisation – 2005-2013**
  
- **2017: Chair of High Level Group on maximising impact of EU Research and Innovation Programmes**
- **LAB-FAB-APP Report published in July**





# Pascal Lamy

Chair of the High Level Group on Maximising Impact  
of EU Research and Innovation Programmes

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# What Framework to Maximise Impact?



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# How to Boost RTOs-Industry Collaboration?





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# Muriel Attané

Secretary General,  
EARTO







In the WHO European Region

**1 in 3**  
11-year-olds is   
**overweight**  
or  
**obese**







# EARTO Innovation Awards Ceremony 2017



**Plan your predictive maintenance strategy with Big Data**



**Monitor your cows' health and location from your app**



**Make the green chemicals of the future out of wood and waste**



**Manage air traffic in the drone age**



**Eat delicious cakes with no added sugar**



**Tan leather without waste water by using CO<sub>2</sub>**

# EARTO Annual Conference 2018

21-22 March 2018 in Oslo, Norway

Hosted by:

abelia

Nofima

SINTEF

