

Position from AIP-CCI with regard to HORIZON 2020

8th Framework Programme for Research and Innovation in the European Union (from 2014 to 2020)

25th of June 2012

Taking into account that Horizon 2020 will bring together all existing EU research and innovation funding currently provided through the Framework Programme for Research and Technological Development (FP), the Competitiveness and Innovation Framework Programme (CIP) and the European Institute of Innovation and Technology (EIT). It will provide funding for every stage of the innovation process from basic research to market uptake, in line with the EU's commitments under the "Innovation Union".

With regard to Structure and Content of the Programme Horizon 2020, structure is much improved by comparison with previous Framework Programmes. It is simpler and it strikes a highly satisfactory balance between the three pillars of

- Excellence in science
- Industrial leadership
- And societal challenges

Taking into account that Horizon 2020, as it stands, already represents a substantial increase in the budget available for research and innovation: €80bn; in fact, as compared with the €52bn under the previous programme.

AIP-CCI considers as key proposals and recommendations, already taken by various stakeholders the following:

- 1) **Simplification** – All measures which will simplify the application procedures as well as the whole cycle of funding, auditing and accountability for firms and other partners are recognized as a key contribution for the overall success of this Programme; As a matter of example, and in particular, the consideration of VAT as an eligible cost for institutions that cannot recover this tax from their own state fiscal systems, as well as Direct costs will henceforward be reimbursed at a 100 percent, something that will considerably simplify the lives of all concerned.
- 2) **Eligibility Criteria for Companies and in particular SME's** – Application procedures should adopt a "confidence" approach, balancing a good risk analysis with auditing procedures, which would allow a much more streamlined and efficient process of application, in particular for SME's.
- 3) **A streamlined integration between Horizon 2020 and other Cohesion and Regional Funding Programmes** – It sounds as excellent news that the Regional funds are likely to attribute about 80% of their lines of funding to Science, Innovation and Environmental issues.
- 4) **A specific programme for SME's and a budget of at least 20% of the total budget for SME's** – Firms should be allocated at least 35% of the total budget of the R&I programme, and in particular the total percentage for SME's should not be less than 20% of the total budget.

Nevertheless, AIP-CCI also recommends the following proposals to be integrated into the Programme Horizon 2020, and as such for consideration in the overall negotiation process:

- 5) **Specific criteria should be applied to Microenterprises** – The Portuguese economic and industrial system is very much represented by Microenterprises. In particular the segment of highly potentially exporting companies in the high-tech sector is represented by microenterprises. A specific programme or specific lines for funding should be considered for this type of companies, whether applying autonomously or in partnership with other companies;
- 6) **An even more balanced distribution across the three pillars** – The total budget attributed to Industrial leadership should be reinforced, in particular in the support for capital risk (currently with approximately 700 million Euros, an amount clearly insufficient). The proposal is to reinforce in at least 6 billion Euros the total amount given to the Industrial leadership Pillar, which would attain a much more equitable distribution between the Science, Industry and Societal pillars.
- 7) **Specific lines of action for increasing Business R&D and firm’s research and innovation activities.** The European Innovation gap (relative to the world competitors of USA, Japan and South Korea) reveals that Europe is falling behind in a) Business R&D expenditures; b) R&D partnerships between the public and private sectors; c) commercialization of knowledge and innovation and) Organizational and market research Innovation activities as opposed to science based innovation.
As such, the proposal is to include specific lines of funding for these objectives, and including priority for companies and in particular SME’s participation in these specific lines.
- 8) **Specific measures for strengthening participation of SME’s and Microenterprises in R&I consortia** – To provide specific support and consultancy funding in order to attain better performance in terms of participation of SME’s in consortia for research and innovation.
- 9) **To create specific lines of funding for “life cycle” investments in research and innovation** – Going for the initial idea of entrepreneurial projects, passing by the growth stage and finally the maturity slowdown.
- 10) **Facilitate the co-funding of research and innovation projects in separate dimensions for entrepreneurial activity** both from the specific lines from the Programme Horizon 2020 and from the Structural and Cohesion Funds, in particular in the case of pilot projects evolving to demonstration projects of larger scope and more demand in investments and funding.
- 11) **To include a stronger emphasis in the reinforcement of Talented Human resources in the firms segment** – Specific lines of funding should be introduced for retaining talented human resources in the SME’s and Microenterprises segments.