



## **Views on next EU Framework Programme (FP9) 2021 onwards**

Confederation of Finnish Industries EK

### Main points:

- EK calls the EU to increase the overall EU budget for research and innovation post 2020.
- Sustainable application and implementation of European research requires that the future programme has a well-balanced structure, while allocating a balanced share of the budget to science, industrial leadership (incl. services) and societal challenges. The architecture of Horizon2020 is a good starting point.
- All types of companies, higher education institutes and research organizations are important in future European R&D landscape. At its best, European funding creates a platform for collaboration between HEIs, RTOs, SMEs, startups and large companies.
- Financial incentives in form of grants for all actors of the value chain creates the most added-value for Europe.
- Excellence in research and excellence in innovation is crucial for Europe.
- Fast developing technologies require more agility in the programme implementation and management. The programme should also better recognise the changing nature of innovation processes and experimental development.
- Significant contribution to the development of European digital economy is needed in the next programme.

### **Continue ambitious investments on European research and innovation**

The on-going Horizon2020 programme on research and innovation and earlier framework programmes has proven to be an important tool to increase collaboration in European research and innovation activities. Horizon2020 achieved major progress in better balancing EU funding over the whole ecosystem of research and innovation. It has managed to better support impact-driven research and innovation. Horizon2020 introduced also specific SME Instrument and Fast-Track-To-Innovation pilot which have allowed more bottom-up and close-to-market opportunities for companies.

EK expects an increased investment for European research and innovation in the next multi-annual financial framework (MFF) post 2020. Focus of EU's own budget should lean strongly towards creating competitiveness and growth in Europe. Even with 27 Member States the investment in research programme should clearly exceed the funding for Horizon2020. This would ease the oversubscription problem which is currently negatively affecting attractiveness of Horizon2020.

Regarding the channels to the market as well as the challenges for upscaling, industry bridge gaps and accelerate the generation of impact and results from research and innovation programmes. It is utmost important for the EU to strengthen its industrial leadership to guarantee sustainable application and implementation of European research and to focus on a well-balanced structure, while allocating a balanced share of the budget to science, industrial leadership (incl. services) and societal challenges.



Mission-oriented approach, where public R&D investments are directed to achieve major technological breakthroughs or to tackle grand societal challenges, should also have industrial relevance if such approach is applied in the Programme. For example, one important 'mission' from the industry perspective is how to better prepare Europe for the global competition in digital business.

### **All types of companies are important in future European R&D landscape**

It is important to stress the collaborative nature of R&D and the role of ecosystems where higher education institutes (HEIs), large companies, SMEs and startup organisations work together for a common goal. This should be reflected also in the planned European Innovation Council (EIC).

Any attempt to exclude large companies from project participation would have negative impact on Europe's ability to implement and commercialise new technologies for the benefit for all Europeans. EU research programmes should continue to develop and incorporate methods that support co-creation in a balanced way. Open science and open innovation practices are essential for co-creation and thriving ecosystems.

In Finland, large companies are actively involved with collaborative projects funded by the main national R&D funding instrument (Tekes grants). However, approximately 80 per cent of the funding granted to large companies are used to fund activities in HEIs, RTOs and smaller companies in the project. Therefore, in practice, public funding is utilised to create a platform for collaboration between parties, rather than utilising grants as a source of income for large companies.

Public Private Partnerships (PPPs) and Joint Technology Initiatives (JTIs) bring strong added-value for Europe. They leverage the necessary industrial funding needed for large-scale projects. 8 billion from Horizon 2020 are expected to leverage EUR 10 billion from industry, and close to EUR 4 billion from Member States. There should also be a possibility to start new relevant PPPs in the future.

Grants are the most suitable form of financing in European research and innovation collaboration. Loans can be utilised in investment-driven business areas and large projects which are already close to the market. On the other hand, radical and pre-commercial research ideas require grants to facilitate collaboration between HEIs, RTOs, SMEs, startups and large companies. For HEIs and RTOs, direct loan instruments do not apply at all.

### **Excellence in research and innovation is crucial for Europe**

Winning grants is based on severe competition which is evident with oversubscription and low success rates. This however does not mean that European research programmes should bargain with excellence. Next framework programme should avoid from adding cohesion elements in the programme. All project funding should be awarded on the basis of excellence in research or excellence in impact for Europe. This is especially important at the time when UK has decided to leave the Union and participation of acknowledged UK universities and innovative companies in European research programmes is uncertain.



Balanced participation of Member States in research and innovation activities can be promoted primarily with national instruments as well as with cohesion and structural fund instruments. Current regulation on structural funds has incorporated research and innovation into the programme objectives and this should be continued in the becoming programme period. Any attempts to find synergies between research programme, structural funds and other financial instruments are welcomed but also streamlining the complex system of different instruments with "user-centered design" is needed.

### **Agility in the programme implementation**

Time-to-grant has been improved in Horizon2020 programme compared to earlier programmes. Yet there is room for improvement. Practices and interpretation of rules should be uniform, assessment of proposals should be transparent and feedback for applicants useful as possible.

In order to increase agility of European research and innovation activities the planning and implementation of work programmes and related calls for proposals needs to be re-organised. The timeline from observed research needs to the formulation of work programs until finished projects can take up to 10 years. This is problematic in fast developing technology areas. The Commission should pilot faster and agile methods in work programme planning, especially in the areas related to fast-developing digital services and ecosystems.

Research and development work is done increasingly together with customers close to the market. Companies utilise agile and experimental development methods which do not necessarily fit in the framework of a typical European research project. The programme should better recognise these changing dynamics of innovation processes. This would encourage more companies (especially SMEs) to participate in the programme.

European research programmes should have clear European added value. On the other hand, bottom up -approach and ability to participate in calls without restrictive preconditions, for example by requirements in regional representation, gives a certain flexibility and is welcomed by research organisations and companies. The future programme needs both but the right balance should be explored.

### **Invest in digital economy**

Alongside with the development of European Digital Single Market investments in digital business models and services, internet-of-things, big data analysis, artificial intelligence and other new digital technologies need to be ramped up. Digitalisation affects all industry fields and it changes also public administration. Digital technologies open new horizons for industry and services sectors to become more adventurous and more efficient with improved processes and digitally enhanced products and services.

Europe has some strengths in global competition but fails to perform particularly in internet-based services. For example, EU currently represents only 4% of the total market capitalisation of the largest online platforms. The future Framework Programme should make a significant contribution to the development of European digital economy. There should be a distinctive monitoring on how projects are advancing digital economy. Work programmes and calls should quickly adapt to any opportunities and threats arising from fast developing technologies.



More information:

Senior Adviser Jari Konttinen  
Confederation of Finnish Industries EK  
+358405752081  
[jari.konttinen@ek.fi](mailto:jari.konttinen@ek.fi)

*Confederation of Finnish Industries (EK) is the leading business organization in Finland. EK represents the entire private sector and companies of all sizes. It has 25 member associations and 16,000 member companies across all business sectors. Member companies employ 950,000 workers.*

#### **Finland in Horizon2020**

Finland has succeeded relatively well in competition for Horizon projects. Latest statistics (Feb 2017) show that Finland has received 443 million euros in grants since the beginning of the programme. There is a good chance that with this pace national target of 1,3 billion euros for the whole programme period will be met. However, Finland should have ambitious target and it should be able to receive more funding in the next programme period by better linking to European collaboration.

Companies have increased their participation in the programme and they have received 30 per cent of total funding for Finland. Specifically, SMEs have been active and they have received 22 per cent of the total funding. Budget cuts in national R&D funding has been one of the drivers of increasing interest in European funding.

One of the challenges in Finland has been a relatively low success rate in calls. Although oversubscription of proposals has been identified as a major challenge in the whole programme Finland's success rate remains below European average.