Seventh EU programme for research, technological development and demonstration

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The European Parliament adopted a resolution on the mid-term review of the Seventh Framework Programme of the EU for research, technological development and demonstration activities.

It welcomes the quality of the expert reports on the interim evaluation of FP7 and of the risk-sharing finance facility, but points out that the evaluation did not cover the overall picture made up of the actions of Member States and those of the EU. Members criticise the delay on the part of the Commission in publishing its Communication, which was due in 2010, and they regret weaknesses in the communication in view of the current economic crisis situation, and the sums remaining to be committed under the FP7 (EUR 28.8 billion over three years). They note that the majority of FP7 funds have not yet been allocated, projects that have been initiated are still under way and others funded under the FP7 will run beyond its term.

(1) Results of FP7: despite the fact that Europe continues to lag behind the US and is losing the lead it had over the emerging economies, the results achieved by FP7 tend to demonstrate a European added-value with regard to R&D in Europe. The resolution calls, however, on the Commission to step up its efforts in communicating the successful results to Member States, the scientific community and European citizens. It deplores the lack of a method for evaluating how far projects funded by FP7 have advanced scientific knowledge, and calls for increased communication efforts regarding FP7. Whilst welcoming the level of participation and excellence in project selection, Members regret that the success rate under this programme generally remains quite low and is a disincentive to apply, particularly for SMEs. They believe that simplification of administrative and financial rules, as well as projects and procedures that better fit SMEs' needs could improve this situation. The resolution goes on to make some observations and recommendations on the specific programmes. It deplores the fact that research funding is still very fragmented in Europe, and asks the Commission and the Council to put the **issues of cooperation and coordination** between the various EU and national programmes at the top of the agenda.

(2) Participation in FP7: Parliament stresses that **industry's participation** rates do not appear any higher than in previous FPs, particularly under the 'Cooperation' chapter, and it calls on the Commission to carry out a detailed analysis of the Programme's capacity to better leverage private sector investment. It welcomes the results of FP7 in favour of SMEs, as regards both the SME-support measures in the 'Capacity' chapter, the 'Eurostars' programme and the 15% target set in the 'Cooperation' chapter. However, Members call for issuing more non-thematic calls for SMEs, opening more often a call for proposals for SME specific activities, further simplifying the rules and shortening the time-to-grant periods. SME's should be more actively involved in the process of exploiting the results achieved.

Members also note with concern the **relatively modest participation of certain Member States in FP7**, and stress the need for a better coordination, coherence and synergy between FP7 and the Structural and Cohesion Funds, as well as a better use of the People programme.

They believe that by using the Structural Funds to strengthen research infrastructure and foster capacity building in research and innovation, all Member States can be enabled to reach a higher level of excellence (stairway to excellence).

Parliament welcomes the steady but timid progress towards a **more balanced gender participation in FP7**, and calls on the Commission to establish a cross-cutting committee to monitor and advice on the representation of female researchers and to develop a Gender Action Plan.

(3) Financing: Parliament takes the view that **the level of financing of FP7, which is credible and necessary, must at least be maintained** in order to meet the great societal challenges, and that FP7 spending, as well as the overall research orientation, should be aligned as far as possible with the overarching policy objectives set out in the Europe 2020 strategy. It calls on the Commission to consider the possibility of establishing a binding interim level of funding for research and technological development amounting to **around 1% of GDP by 2015**.

(4) Role of innovation: Parliament states that research is the process of converting economic power into knowledge, while innovation is the reverse process of transforming knowledge into economic power. In this regard, Members consider that, in order for research and innovation programmes to have a clear impact on the market and society, **actions should be devised that enable the optimum exploitation and commercialisation of research results**, such as addressing the potential of commercialisation of research results in specific calls or in evaluation criteria in particular areas. They call on the Commission to start financing demonstration, pilot and proof-of-concept projects before the end of FP7 and to consider a financing system to award successful projects and support their introduction on the market to complement the current up-front financing.

Parliament also considers that a **better relationship between the academic, research and industrial worlds** is essential for research results to be better converted into products and services generating economic growth and benefits for the society as a whole. The resolution also calls for close coordination between FP7, the CIP and Structural Funds. Both FP7 and the future FP8 should make a greater contribution to the **development of industry in Europe**, and the report calls on the Commission and the Member States to encourage applied research.

(5) Follow-up to simplification measures: Parliament is concerned by the excessive administrative burden of FP7. It encourages the Commission to:

- explore further simplification measures, including contributions in kind by applicants, as well as a further alignment with calculation and accounting methods used in national funding systems;
- take urgent measures to significantly shorten the time from application to grant, reduce bureaucratic procedures for preparing, submitting and assessing project (including through the use of an **EU application portal** based on the equivalent U.S. model), reduce the number of periodic financial status reports and auditing documents per reporting period, and find a better balance between research risk and control.

(6) Risk-Sharing Finance Facility (RSFF): Members consider that the RSFF has acted as a decisive lever in both qualitative and quantitative terms in increasing investment in RDI at a moment of crisis when the banking sector was no longer in a position to play this role, its first years resulting in EUR 8 billion in loans, generating more than EUR 20 billion in investment. They express regret that RSFF projects are only running in 18 EU Member States and two associate countries, and that SMEs, universities /research bodies and research facilities are currently under-represented in the RSFF, calling on the Commission to assess the reasons why the nine other EU Member States have not used this new facility. The resolution recommends that application of this innovative financial instrument be intensified in FP7 and for the future in FP8, since it contributes to improving access to finance and leveraging private investment. Members stress the need to ensure that these financial instruments are suitable for SMEs.

In conclusion, Members call for the use of FP7 to take account of the different consequences in each Member State of the economic crisis for the final years of the programme (2011-2013), given the

considerable sums (EUR 28.8 billion over three years) still to be programmed, the objectives to be achieved for EU 2020 and preparation for a European Research Area and the Innovation Union. The resolution stresses the need to enhance the financing of research in the Union through a **significant increase in relevant expenditure from 2013 onwards**. The increase of funding, ideally by doubling the budget, must be coupled with a more result-oriented, performance-driven approach and with a radical simplification of funding procedures.