Basic information

2015/2318(INI) INI - Own-initiative procedure	Procedure completed
Cost effectiveness of the 7th Research Programme **Subject** 3.50.02 Framework programme and research programmes 8.70.03 Budgetary control and discharge, implementation of the budget	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
CONT Budgetary Control	AYALA SENDER Inés (S&D) DLABAJOVÁ Martina (ALDE)	22/01/2016 22/01/2016
	Shadow rapporteur NOVAKOV Andrey (PPE) THEURER Michael (ALDE) OMARJEE Younous (GUE/NGL) TARAND Indrek (Verts/ALE) VALLI Marco (EFDD)	

Committee for opinion	Rapporteur for opinion	Appointed
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	

European Commission

Commission DG	Commissioner
Research and Innovation	MOEDAS Carlos

Key events

Date	Event	Reference	Summary
26/11/2015	Committee referral announced in Parliament		
03/05/2017	Vote in committee		
10/05/2017	Committee report tabled for plenary	A8-0194/2017	Summary

12/06/2017	Debate in Parliament		
13/06/2017	Decision by Parliament	T8-0246/2017	Summary
13/06/2017	Results of vote in Parliament		
13/06/2017	End of procedure in Parliament		

Technical information	
Procedure reference	2015/2318(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 55
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	CONT/8/05051

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE597.439	20/01/2017	
Amendments tabled in committee		PE602.929	04/04/2017	
Committee report tabled for plenary, single reading		A8-0194/2017	10/05/2017	Summary
Text adopted by Parliament, single reading		T8-0246/2017	13/06/2017	Summary

European Commission

Document type	Reference	Date	Summary
Commission response to text adopted in plenary	SP(2017)574	20/11/2017	

Cost effectiveness of the 7th Research Programme

2015/2318(INI) - 10/05/2017 - Committee report tabled for plenary, single reading

The Committee on Budgetary Control adopted the joint own-initiative report by Inés AYALA SENDER (S&D, ES) and Martina DLABAJOVÁ (ALDE, CZ) on cost effectiveness of the 7th Research Programme.

The report recalled that although the multiannual financial framework (MFF) 2007-2013 has come to an end, the implementation of the Seventh Framework Programme for research and innovation (FP7) is still ongoing. Research and innovation projects during the MFF 2014-2020 fall under the Horizon 2020 regulation. Members noted that no comprehensive cost effectiveness analysis exists concerning FP7 and that one should have preceded the entry into force of Horizon 2020.

FP7: FP7 represented a total voted budget of EUR 55 billion, accounting for an estimated 3 % of total research and technological development (RTD) expenditure in Europe, or 25 % of competitive funding.

Although considered to be a success, weaknesses were highlighted such as: (i) high administrative burden and cumbersome legal and financial rules, (ii) insufficient focus on industry participation and societal impact, (iii) weak communication.

Members are concerned that FP7 will not be fully executed and evaluated before 2020, which could cause delays in future follow-up programmes. The Commission is urged to publish an evaluation report as soon as possible and at the latest before it presents the post-Horizon-2020 research programme.

The Court of Auditors expressed concerns about the high level of error regarding research, development and innovation (RDI).

Cost effectiveness under FP7: Members stressed that cost effectiveness should be measured against economy, efficiency and effectiveness (sound financial management) in achieving the policy objectives. They observed that FP7 rules were not sufficiently compatible with general business practices, the control system needed to have a better balance between risk and control, that beneficiaries needed better guidance to cope with the complexity of the scheme and that the reimbursement methods needed to be more efficient. In this regard, they expressed concern that the annual activity report of DG RTD indicated that, by the end of 2015, 1 915 FP7 projects worth EUR 1.63 billion had still not been completed, which could delay the implementation of Horizon 2020.

The Commission should ensure that FP7 and national research funding is coherent with EU rules on state aid so as to avoid inconsistencies and duplications of funding.

Members stressed the need to better target FP7 financial instruments so as to ensure that **newcomers** with limited access to finance in the research and innovation field are supported.

Future prospects under Horizon 2020: by the end of 2015, 198 calls with a submission deadline by that date had been published for Horizon 2020. In response to these calls, a total of 78 268 proposals were received, 10 658 of which were put on the main or reserve list. This means a success rate of around 14 %, taking into account only the eligible proposals.

The report noted that cost savings of EUR 551 million in FP7 were made compared with FP6. The Commission also endeavoured to further simplify the implementation of Horizon 2020 compared with FP7 and DG RTD is trying to further reduce overhead costs by outsourcing contract management to executive agencies and other bodies. Under Horizon 2020, 55 % of the budget will be managed by executive agencies.

Under Horizon 2020:

- the programme structure is less complex and provides for interoperability among different parts,
- a single set of rules now applies,
- there is now one funding rate per project,
- indirect costs are covered by a flat rate (25 %),
- only the financial viability of project coordinators is checked,
- a single participant portal was created for managing grants and experts,
- grants, expert contracts and archiving are managed electronically.

Members welcomed the creation of a **Common Support Centre** (CSC), which will help to coordinate and deliver the programme in an efficient and harmonised manner. The role for the National Contact Points (NCP) should be increased in order to provide quality technical support on the ground. Annual assessment of results, training and rewarding NCPs that perform effectively will **increase the success rate** of the Horizon 2020 programme.

The share of Horizon 2020 **funds allocated to small and medium sized enterprises increased** from 19.4 % in 2014 to 23.4 % in 2015 and Members recommended that this trend be encouraged.

Members underlined the need to ensure that Horizon 2020's best practices are used in defining the programme. They suggested **more funding for innovation** and increasing flexibility between budgets of the different sub-programmes so as to avoid a lack of funding for those qualified as ‘excellent’.

Lastly, Member States are called on to make an extra effort to meet the **target of 3 % of GDP** being invested in research considering that this would boost excellence and innovation. Members called on the Commission to examine the possibility of proposing a Science Covenant at local, regional and national level, building on the dynamic already created by the Covenant of Mayors.

Cost effectiveness of the 7th Research Programme

2015/2318(INI) - 13/06/2017 - Text adopted by Parliament, single reading

The European Parliament adopted by 573 votes to 28, with 18 abstentions, a resolution on cost effectiveness of the 7th Research Programme.

Members recalled that although the multiannual financial framework (MFF) 2007-2013 has come to an end, the implementation of the Seventh Framework Programme for research and innovation (FP7) is still ongoing.

However, no comprehensive cost effectiveness analysis exists concerning FP7.

FP7: FP7 represented a total voted budget of **EUR 55 billion**, accounting for an estimated 3 % of total research and technological development (RTD) expenditure in Europe, or 25 % of competitive funding.

The **main recipients** among the 29 000 organisations participating in FP7 were, inter alia, universities (44 % of FP7 funding), research and technology organisations (27 %), large private companies (11 %) and SMEs (13 %), while the public sector (3 %) and civil society organisations (2 %) represented a less significant share.

Although considered to be a success, **weaknesses were highlighted** such as: (i) high administrative burden and cumbersome legal and financial rules, (ii) insufficient focus on industry participation and societal impact, (iii) high threshold for newcomers; low average success rate for proposals and applicants.

Members are concerned that FP7 will not be fully executed and evaluated before 2020, which could cause delays in future follow-up programmes. The Commission is urged to publish an evaluation report as soon as possible and at the latest before it presents the post-Horizon-2020 research programme.

The Court of Auditors expressed concerns about the high level of error regarding research, development and innovation (RDI).

In 2015, of the 150 transactions that the Court audited, 72 (48 %) were affected by error.

Cost effectiveness under FP7: Members stressed that cost effectiveness should be measured against **economy, efficiency and effectiveness (sound financial management)** in achieving the policy objectives. They observed that:

- FP7 rules were not sufficiently compatible with general business practices;
- the control system needed to have a better balance between risk and control;
- beneficiaries needed better guidance to cope with the complexity of the scheme;
- the reimbursement methods needed to be more efficient.

In this regard, Parliament expressed concern that the annual activity report of DG RTD indicated that, by the end of 2015, 1 915 FP7 projects worth EUR 1.63 billion had **still not been completed**, which could delay the implementation of Horizon 2020.

Members insisted on the need to:

- ensure that FP7 and national research funding is coherent with EU rules on **state aid** so as to avoid inconsistencies and duplications of funding;
- **better target** FP7 financial instruments so as to ensure that newcomers with limited access to finance in the research and innovation field are supported.

Future prospects under Horizon 2020: by the end of 2015, 198 calls with a submission deadline by that date had been published for Horizon 2020. In response to these calls, a total of 78 268 proposals were received, 10 658 of which were put on the main or reserve list. This means a success rate of around 14 %, taking into account only the eligible proposals.

The report noted that cost savings of EUR 551 million in FP7 were made compared with FP6. The Commission also endeavoured to further simplify the implementation of Horizon 2020 compared with FP7 and DG RTD is trying to further reduce overhead costs by outsourcing contract management to executive agencies and other bodies. Under Horizon 2020, 55 % of the budget will be managed by executive agencies.

Parliament concluded that the Commission – overall – **managed the FP7 cost effectively** and that the programme also improved its efficiency despite the delays and repeated error rates in its implementation.

It welcomed the fact that under Horizon 2020:

- the programme structure is less complex;
- a single set of rules now applies;
- there is now one funding rate per project;
- indirect costs are covered by a flat rate (25 %);
- only the financial viability of project coordinators is checked;
- a single participant portal was created for managing grants and experts;
- grants, expert contracts and archiving are managed electronically.

Members welcomed the creation of a Common Support Centre (CSC), which will help to coordinate and deliver the programme in an efficient and harmonised manner. The role for the National Contact Points (NCP) should be increased in order to provide quality technical support on the ground. Annual assessment of results, training and rewarding NCPs that perform effectively will increase the success rate of the Horizon 2020 programme.

The share of Horizon 2020 funds allocated to **small and medium sized enterprises** increased from 19.4 % in 2014 to 23.4 % in 2015 and Members recommended that this trend be encouraged.

Members underlined the need to ensure that Horizon 2020's best practices are used in defining the programme. They suggested **more funding for innovation** and increasing flexibility between budgets of the different sub-programmes so as to avoid a lack of funding for those qualified as ‘excellent’.

Lastly, Member States are called on to make an extra effort to **meet the target of 3 % of GDP** being invested in research considering that this would boost excellence and innovation. Members called on the Commission to examine the possibility of proposing a **Science Covenant** at local, regional and national level, building on the dynamic already created by the Covenant of Mayors.