

Protect Europe's True Strategic Investment

Funding Research in Horizon 2020: Europe's Most Valuable Strategic Resource

One year after the implementation of the European Fund for Strategic Investment (EFSI), and ahead of tomorrow's State of the Union address at the European Parliament (EP) by the President of the European Commission (EC), Jean-Claude Juncker, Science Europe calls on European policy makers, civil society and citizens to safeguard European research funding, ensuring that it is not treated as a pot from which other initiatives are funded. Research funding should be protected as Europe's best prospect for future growth and prosperity.

During the negotiations which established Horizon 2020, both the EC and the EP argued that the budget was to be considered as a strict minimum if the programme was to achieve its objectives. Over the past few years the Horizon 2020 budget has been subject to cuts, while its objectives remain as ambitious as ever. The cuts include the reallocation of the €2.2 billion used to establish EFSI, despite strong advice from the scientific community – including Science Europe¹ – to protect the Horizon 2020 budget.

In order to protect research as Europe's most valuable strategic resource and allow the programme to achieve its objectives, Science Europe advises:

▶ **Protecting the remaining Horizon 2020 budget**

Horizon 2020 suffers from a very high demand for funding that is not properly met; excellent research is therefore facing underfinancing, with decreasing success rates at EU level. Science Europe supports the position of the EP on the mid-term review of the Multiannual Financial Framework (MFF)², which noted, with great concern, that the success rate for Horizon 2020 has dropped to 13% from the 20-22% enjoyed by the predecessor programme (FP7), and that fewer high-quality projects in the field of research and innovation were receiving EU funding. In its Resolution, the EP added that *"the EU budget dedicated to research and innovation has often been the first to be affected by any cuts"* which cannot be allowed to continue. It is essential to **protect the remaining Horizon 2020 budget** or Europe risks failing to fully realise its research and innovation potential, a key element in assuring its future growth and long-term prosperity.

▶ **Reversing the cuts in Horizon 2020 due to EFSI in the final programming period**

Science Europe calls on EU budgetary decision-makers to **reverse the cuts planned for Horizon 2020 in the next programming period (2018-2020) due to EFSI, and find alternative funding models for EFSI that do not include Horizon 2020 funds**. The funding model approved in June 2015 for EFSI is a loss to the European Research Area, resulting in:

¹ Science Europe statement on 'the Use of EU Research Funds to Finance the European Fund for Strategic Investments', 19 March 2015, <http://scieur.org/efsi>

² European Parliament resolution of 6 July 2016 on the preparation of the post - electoral revision of the MFF 2014 - 2020: Parliament's input ahead of the Commission's proposal(2015/2353(INI)), <http://bit.ly/2c7Yg4A>

- o Europe finding itself with fewer capabilities to perform excellent research and to address societal challenges;
- o Europe becoming less attractive to top researchers – who are already highly mobile in a very competitive landscape – and to innovative industry sectors which rely heavily on the local availability of knowledge and skills; and
- o Europe being perceived as a region in which it is acceptable to divert funding that was allocated to research, as previously agreed by Member States, to other areas. This suggests that Europe is not fully committed to exploiting the full potential of scientific research – something that is essential in a knowledge-based society.

▶ **Using grants, not loans, as the main financial instrument to support research in Horizon 2020**

The political temptation to finance research with loans should be avoided. Experience with the InnovFin tools³ and EFSI demonstrates that this type of funding is not suitable for breakthrough research and innovation projects, and only has limited potential for close-to-market activities. If Horizon 2020 is to achieve its objectives, different types of funding should be available that are both acceptable and suitable for as many different beneficiaries as possible, including universities and research institutes. Introducing loans rather than research grants can significantly limit the participation of many higher research institutions, which are precluded from accepting loans, thus threatening the effectiveness of Horizon 2020. Science Europe strongly supports the stand taken by the Competitiveness Council of the European Union in May 2016 that in Horizon 2020 **“care should be taken that loan-based financing is not further expanded to the detriment of grant-based R&I funding”**.⁴

Science Europe expresses strong concern that the research funding budget be maximised in Horizon 2020 so that Europe fully realise its target of becoming a smart, sustainable and inclusive economy. Funding for research and innovation in Europe is a critical strategic investment which is essential for Europe’s long-term growth and prosperity.

Notes to Editors

Science Europe is an association of major European research funding and research performing organisations in 27 countries, established in 2011 to promote the collective interests of its members and to foster collaboration between them. For more information see www.scienceeurope.org.

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³ For further information on InnovFin, please see: <http://bit.ly/2cggmis>

⁴ Council Conclusions (adopted on 27/05/2016) on ‘FP7 and the Future Outlook: Research and innovation investments for growth, jobs and solutions to societal challenges’, <http://bit.ly/2c7YAAD>