



Brussels, 27 November 2017
(OR. en)

14469/17

RECH 367
COMPET 781

NOTE

From: Permanent Representatives Committee (Part 1)
To: Council

No. prev. doc.: 14175/17 RECH 353 COMPET 742
No. Cion doc.: 9791/17 RECH 212 COMPET 455 IND 143 MI 459 EUC 273 TELECOM
149 ENER 256 ENV 552 REGIO 66 TRANS 228 SAN 225 + ADD 1-3

Subject: Council conclusions "From the Interim Evaluation of Horizon 2020 towards
the ninth Framework Programme"
- *Adoption*

1. On 30 May 2017, the Commission submitted a Staff Working Document to the European Parliament and the Council, the European Economic and Social Committee and the Committee of the Regions on the "Interim Evaluation of Horizon 2020", in compliance with Article 32 of the Regulation 1291/2013 and the Commission's Better Regulation Guidelines. On 6 October 2017, the Commission published Staff Working Documents on the Interim Evaluation of the Joint Undertakings operating under Horizon 2020 and the Participation of the EU in research and development programmes undertaken by several Member States based on Article 185 of the TFEU. Furthermore, on 19 October 2017, the Commission issued the Interim Evaluation of the European Institute of Innovation and Technology (EIT).

2. Horizon 2020, the EU Framework Programme for Research and Innovation 2014-2020, was designed to drive economic growth and create jobs by coupling research and innovation (R&I), with an emphasis on excellent science, industrial leadership and tackling societal challenges.
3. According to Article 32 of Regulation 1291/2013, the interim evaluation has to assess the progress of the different parts of Horizon 2020 against, *inter alia*, the achievements of the objectives of Horizon 2020 and continued relevance of the measures and the efficiency and use of resources, with particular attention to cross-cutting issues among other elements. The Horizon 2020 interim evaluation was based on evaluation questions under each of the sections of the Better Regulation Guidelines, structured around five evaluation criteria: relevance, efficiency, effectiveness, coherence and EU added value.
4. On the basis of the interim evaluation, the Presidency proposed draft Council conclusions that were examined at the meetings of the Research Working Party on 16 October and on 6, 13 and 16 November 2017.
5. The Permanent Representatives Committee, at its meeting on 24 November 2017, examined these draft conclusions, resolved the remaining open issues and agreed to forward the draft conclusions to the Council (Competitiveness) of 30 November - 1 December 2017 for adoption. DK has a general reservation on the text.
6. The Council (Competitiveness), at its session of 30 November - 1 December 2017, is therefore called upon to adopt the conclusions as set out in the attached text.

Changes to doc. 14350/17 are indicated in **bold underlined** for additions and ~~striketrough~~ for deletions.

DRAFT COUNCIL CONCLUSIONS

From the Interim Evaluation of Horizon 2020 towards the ninth Framework Programme

THE COUNCIL OF THE EUROPEAN UNION

RECALLING:

- that one of the Union's objectives is strengthening its scientific and technological bases by achieving a European Research Area in which researchers, scientific knowledge and technology circulate freely, and encouraging the Union to become more competitive, including its industry, and that the European Union R&D&I Framework Programme should contribute to achieve that objective;
- its Conclusions of 8 December 2011 on partnering in research and innovation¹ in which the Council emphasised the need to create a transparent and accessible overall landscape of programmes and instruments for all parties involved and noted the need for rationalisation to avoid unnecessary duplication and overlapping;
- its Conclusions of 29 May 2015 on European Research Area Roadmap 2015-2020² in which it invited ERAC, in close cooperation and where relevant with appropriate input from relevant bodies to assess the coherence of joint initiatives, especially those funded by the European Union, with an emphasis on their EU added value, feasibility, critical mass, complementarity and impact;

¹ 18349/11

² 9351/15

- its Conclusions of 27 May 2016 on FP7 and the Future Outlook: Research and innovation investments for growth, jobs and solutions to societal challenges³ in which the Council emphasised that the balance, coherence and complementarity between partnerships and collaborative projects needs to be ensured and invited the Commission to analyse whether, and if so, how to promote a sufficient degree of openness of research and innovation networks funded by the EU, respecting the autonomy of research;
- its Conclusions of 27 June 2016⁴ on the Special Report No. 4/2016 by the European Court of Auditors in which the Council called on the Commission and the European Institute of Innovation and Technology (EIT) to report to the Council on actions taken by mid-2017;
- the Conclusions of the European Council of 19 October 2017⁵ in which it emphasises the contribution of R&D to digitalisation entrepreneurship and breakthrough innovation;
- its Conclusions of 15 November 2017⁶ on Strategic Elements of Cohesion Policy post-2020 in which the Council emphasises the importance of synergies and complementarity between EU funding programmes;
- the ERAC Opinion⁷ of 7 July 2017 on the Interim Evaluation of Horizon 2020 and preparations for the next Framework Programme (FP) in which ERAC recognises FPs as generating an outstanding EU added value, notably by teaming up and by driving collaborations of **research and innovation** (R&I) ecosystems through all Europe, but also stresses the need for more active openness and simplification, as well as requires that FPs should **contribute** to other EU sectoral policies and **promote** better and continued dialogue with European citizens;

³ 9527/16
⁴ 10628/16
⁵ EUCO 14/17
⁶ 14263/17
⁷ ERAC 1207/17

- the European Parliament (EP) resolution of 13 June 2017 on the assessment of Horizon 2020 implementation in view of its interim evaluation and the Framework Programme 9 proposal⁸ in which the EP calls for an increased overall budget of 120 billion euros for the ninth FP.
1. CONSIDERING that the revised Multi-annual Financial Framework (MFF) should continue to **stimulate growth and create jobs** through highly effective programmes with high EU added value such as Horizon 2020 (H2020)⁹.
 2. NOTING that even though the gross domestic expenditure on research and development (GERD) has grown marginally over recent years, it represented 2.03% in 2015 and the **EU remains at a considerable distance from its headline target of investing 3%** of GDP per year in R&D¹⁰.
 3. TAKING NOTE of the **Tallinn Call for Action 2017** “Seize the opportunity now: research and innovation matter for the future of Europe”¹¹ which stresses the importance of ensuring investments in research and innovation, increasing the impact of R&I investments and building trust between research and society, and within the R&I system.
- I. Increasing the impact of European R&I**
4. HIGHLIGHTS that **R&I is essential** for ensuring long-term sustainable economic growth, industrial competitiveness, social inclusion and addressing the major societal challenges, e.g. as defined in the United Nations Sustainable Development Goals as well as the goals set out in the Europe 2020 Strategy and in the Rome Declaration¹².

⁸ P8_TA-PROV(2017)0253

⁹ General Affairs Council, 7 March 2017 (7024/17).

¹⁰ EUCO 13/10

¹¹ https://www.hm.ee/sites/default/files/tallinn_call_for_action_2017.pdf

¹² Declaration of 25 March 2017 of the leaders of 27 Member States and of the European Council, the European Parliament and the European Commission.

5. ACKNOWLEDGES that **complying with these ambitious priorities requires well-funded and highly performing national R&I systems**, and therefore, CALLS on the Member States together with the private sector to strive for increasing their investments in R&I to jointly reach the 3% goal and to take further measures to increase the quality and impact of these investments, including national reforms, where relevant. Taking into account the recommendation of the High Level Group on maximising impact of EU Research and Innovation¹³ (hereinafter the High Level Group), EMPHASISES the necessity to prioritise R&I across all relevant EU policies and programmes, including significant funds for the next EU R&D&I Framework Programme (FP) without prejudice to the next MFF.
6. UNDERLINES that R&I has an important role in carrying common European values¹⁴, which lay the foundation of cooperation, free movement of people and ideas, and gender equality. Therefore, REITERATES the importance of continued joint efforts by Member States and the Commission for further developing and strengthening the **European Research Area** (ERA). STRESSES that the FP is the main instrument at EU level to foster competitive trans-national and interdisciplinary R&I cooperation and, thus, to support the objectives and implementation of ERA.
7. ACKNOWLEDGING that the economic impacts of public R&I funding are significant, STRESSES the importance of assessing the **long-term impact of R&I** in all its dimensions in respect to other policy goals and wider societal issues, broadening the definition of impact to take into account the diversity of contributions of R&I to knowledge and society. ASKS the Commission to report on the agenda for developing common evaluation methods including macro-economic models and modelling tools, as proposed in the Council Conclusions of 27 May 2016.

¹³ „LAB – FAB – APP Investing in the European future we want“
https://ec.europa.eu/research/evaluations/pdf/archive/other_reports_studies_and_documents/hlg_2017_report.pdf#view=fit&pagemode=none

¹⁴ as set out in Article 2 of the Treaty on European Union.

8. ENCOURAGES greater linking of R&I with other sectoral policies at EU, national and regional level, and STRESSES the importance of creating more R&I friendly framework conditions and regulatory environment. RECOGNISES the importance of a challenge driven approach in R&I in the EU, and NOTES with concern that further integration with EU policies and **coherence with other EU funding programmes is impeded** by different non-complementary intervention logics and the complexity of the various funding and other regulations such as state aid rules. ASKS the Commission to review EU legislation on R&D&I state aid rules to take into account the global competitiveness of EU-, **while avoiding distortions of competition in the EU market.**

II. Key principles in preparing the ninth Framework Programme

9. WELCOMES the Commission's Staff Working Documents¹⁵ on the H2020 interim evaluation as well as the report of the High Level Group that provide a good basis for discussions on the next FP and HIGHLIGHTS that **R&I collaboration at the EU level has been a very successful example of European cooperation and integration**¹⁶.
10. UNDERLINES that **cooperation, excellence, impact and openness** are the fundamental principles of the ninth FP to deliver on its overall, strategic objectives and EMPHASISES that excellence is the main evaluation criterion of the ninth FP. RECOGNISES that H2020 is a very attractive programme, whose projects are producing high quality scientific, and technological and innovative outputs and which has a compelling and outstanding EU added value and STRESSES that **EU added value** must be the major driver for the design and implementation of the next FP.

¹⁵ 9791/17 +ADD 1-3, 12983/17, 12987/17, 12988/17, 12990/17, 13448/17 and 13449/17.

¹⁶ 6952/17+ ADD 1-2: "White paper on the future of Europe, Reflections and scenarios for the EU27 by 2025".

11. STRESSES the importance of dialogue between the Commission and the Member States in the preparation and close cooperation in the governance and implementation of the ninth FP, *inter alia* to ensure that national policies and Union policy are coordinated to be mutually consistent. CALLS on the Commission with the Member States to **jointly establish very early a strategic programming process as part of the implementation of the ninth FP** by developing its priorities, including possible future missions, and determining the optimal instruments for achieving the identified goals.
12. CALLS for a renewed ambition in innovation and EMPHASISES the importance of supporting the whole innovation value chain, ~~in particular~~ **including** high-risk disruptive technologies. HIGHLIGHTS the need for a **consolidated portfolio of European innovation funding instruments and initiatives**. EMPHASISES the contribution of key enabling technologies to industrial competitiveness and leadership of the EU and therefore CALLS for continuous specific support for them in the ninth FP.
13. ACKNOWLEDGES that the integration of R&I into a single programme with a three pillar structure has increased its impact, however more effective linkages between the pillars should be achieved, taking into account their own objectives, and better transfer of outputs into innovative processes, products and services should be enabled by the ninth FP.

R&I at the service of economy and society

14. TAKES NOTE of the High Level Group recommendation on a **mission-oriented, impact-focused approach** and CALLS on the Commission together with Member States to explore developing a strategic, interdisciplinary mission-oriented approach for addressing commonly agreed challenges with a European dimension supporting industrial competitiveness including SMEs, while fully taking advantage of social sciences and humanities, as well as digital and key enabling technologies, which would be implemented by a portfolio of complementary instruments, including partnership instruments.

15. RECOGNISES the need for a greater outreach to the general public and to better reflect the views and needs of stakeholders, users and citizens in the R&I agendas. SUGGESTS to the Commission to launch a pilot to involve citizens in the agenda-setting process. HIGHLIGHTS the importance of disseminating and exploiting effectively R&I results on project and programme level and ENCOURAGES the Commission and the Member States to jointly develop a common action plan **to enhance communication and interaction with society and stakeholders**, and foster the dissemination and exploitation of results in Europe, while respecting intellectual property rights.
16. RECOGNISES that European competitiveness hinges on the availability of well-educated and skilled people, including researchers and innovators, to tackle the challenges of the future, their comprehensive and continued training, as well as the effective **circulation of new ideas and knowledge** between research, industry and education; RECOMMENDS establishing stronger links and coherence between ERA and European Higher Education Area by exploring how the successor programmes to Erasmus+ and Horizon 2020 can better link shared objectives and priorities within their respective budgets and evaluation principles, respecting the principle of subsidiarity; UNDERLINES the need to support attractive working conditions, including for researchers at the early stage of their career, and cultural change, including mainstreaming gender equality and promoting other forms of diversity, in higher education institutions and research organisations all over Europe to improve scientific excellence and attract and retain talents.

17. ACKNOWLEDGES that societies are becoming increasingly knowledge driven and that **free movement of research data¹⁷ and knowledge** is essential for a fully functioning ERA. HIGHLIGHTS that Open Science, e.g. mandating open access to publications and where appropriate, research data, has a crucial role in boosting impact and transparency of R&I, and bringing science and society closer together. STRESSES the need for the Member States and the Commission to cooperate closely on Open Science, including the implementation of the FAIR¹⁸ principles taking into account the principle ‘as open as possible, as closed as necessary’.

Rationalisation of the R&I funding landscape

18. RECOGNIZES that R&I partnerships are an important element of EU R&I policy, but STRESSES that the European R&I funding landscape has become too complex, also due to the increasing number of R&I partnership instruments and initiatives¹⁹ in the FP reflecting an instrument-driven approach. CALLS on the Commission and the Member States to jointly **consider ways to rationalise the EU R&I partnership landscape**, e.g. by merging similar instruments²⁰ setting out a clear intervention logic for each instrument, defining a core set of comparable key performance indicators, ensuring closer links between partnership initiatives and EU and national policies, providing substantial FP co-funding only to areas in line with agreed FP priorities, and removing entrance barriers for newcomers, smaller R&I players. CALLS on the Commission and the Member States to reflect on the appropriate share and possible capping of partnership instruments in the FP budget during the negotiations of the ninth FP.

¹⁷ while respecting intellectual property rights, confidentiality, security concerns, European competitiveness and other legitimate interests.

¹⁸ Findable, Accessible, Interoperable and Reusable.

¹⁹ This includes partnership initiatives based on different types of partnership instruments, such as Joint Programming Initiatives, Initiatives under Articles 185 and 187 of the TFEU, contractual PPPs, EIT KICs, ERA-, European joint programmes and FET Flagships, taking into account their different legal basis.

²⁰ Such as co-funding instruments: ERANETs, EJP Cofund.

19. STRESSES that **R&I partnerships in the FP should be implemented based on the principles** of EU added value, transparency, openness, impact, leverage effect, long-term financial commitment of all the involved parties, flexibility, coherence and complementarity with EU, national and regional initiatives. All partnership initiatives should have an exit strategy from FP funding. CALLS on the Commission and the Member States to jointly **establish a long-term strategic coordinating process** for R&I partnerships, including a governance structure, linked to the strategic programming process as set out in paragraph 11, to ensure compliance with these principles in selecting, implementing, monitoring and phasing out all EU R&I partnership initiatives. STRESSES that the strategic coordinating process must be taken into account in the development of the ninth FP and future ERA governance. INVITES the Member States to ensure the coordination of relevant national policies and resources towards agreed priorities of partnerships.
20. In this context, WELCOMES the setting up of the ERAC ad hoc Working Group on R&I partnerships to prepare the strategic coordinating process by proposing e.g. criteria for selecting, implementing, monitoring and phasing out the R&I partnerships based on the guiding principles, options for rationalising the R&I partnership landscape and the set-up and implementation of this process. ASKS ERAC to report back to the Council no later than May 2018.
21. ACKNOWLEDGES the value of the **European Institute of Innovation and Technology** (EIT) and **its Knowledge and Innovation Communities** (KICs) and its role in supporting the knowledge triangle, and WELCOMES the response of the Commission and the EIT to the Council Conclusions of 27 June 2016. HIGHLIGHTS the need to further **simplify the procedures related** to EIT KICs to be less resource demanding and to ensure better synergies and cooperation between KICs and other FP activities. STRESSES the need for the KICs to ensure openness, transparency and inclusiveness and REITERATES that KICs must develop sound strategies for financial sustainability.

22. TAKES NOTE of the launch of the pilot of European Innovation Council (EIC), which should provide input for designing the possible future EIC. STRESSES that the possible future EIC should be one important element of the EU's measures to support closer-to-market innovations and that **it should bring added value and help strengthen the innovation ecosystem**, including links between universities, technology and research organisations, companies of all sizes, in particular SMEs and start-ups, and innovators, enhance the uptake of R&I results, support breakthrough innovations and the scaling up of innovative companies and contribute to the streamlining of the innovation support landscape. EMPHASIZES that the current national and EU activities for funding innovation should be taken into account when designing a possible future EIC in order to ensure synergies and avoid duplication.
23. HIGHLIGHTS the importance of **improved synergies and complementarities between the FP and other EU funding instruments**. CONSIDERS therefore that regulations for the next FP and the European Structural and Investment Funds, as well as state aid rules and any other relevant EU programmes must be designed from the very beginning with synergies, coherence, compatibility and complementarity in mind in order to provide a level playing field for similar projects under different management modes and to consider harmonization of funding rules for R&I towards those of the FP.

Openness and accessibility

24. STRESSES the importance of **achieving broader pan-European impact and relevance** by exploiting the whole R&I excellence potential in Europe, including increasing the participation of newcomers, e.g. in research infrastructures, in calls for funding related to common societal needs or targeting wider market-uptake; HIGHLIGHTS the good practices of COST activities in this context. INVITES the Commission to develop the evaluation process further by e.g. promoting diversity in evaluation panels, piloting blind evaluations, where possible, and to propose measures to promote brain circulation and facilitate openness of R&I networks.

25. NOTES with concern that the participation level of a number of Member States in H2020 remains low and progress in comparison to FP7 is still insufficient. RECOGNISES that the participation gap and the innovation divide must continue to be addressed by various measures and initiatives, both at national and EU level, including Cohesion Policy instruments. ACKNOWLEDGES that measures addressing **Spreading Excellence and Widening Participation** (SEWP) have to continue and should be strengthened, including monitoring SEWP as a cross-cutting issue.
26. RECOGNISES the importance of strengthening **international cooperation** in the FP and REAFFIRMS the importance of reciprocity. SUPPORTS the Commission in its efforts to encourage the international partner countries to set up a stable dedicated instrument (e.g. matching funds) to enable participation in the FPs. INVITES the Commission and Member States together with the Associated Countries to explore synergies between FP and national R&I strategies, operating structures, instruments and networks to support strategic coordination of international cooperation in FP. INVITES the Commission to interact closely with Member States on the modalities for association of third countries to the FP.

Implementation

27. RECOGNISES that the low success rate is diminishing the attractiveness of the programme. Therefore INVITES the Commission and the Member States jointly to explore ways to **reduce oversubscription** when preparing the next FP, as well as implementing specific measures already in H2020 e.g. by specifying more clearly the expected impact of projects in calls for proposals, providing comprehensive feedback to applicants, and using two-stage application process, where appropriate, while piloting other methods to further modernise and enhance the quality of the evaluation process.

28. STRESSES the importance of collaborative research and innovation activities covering the whole range of Technology Readiness Levels (TRL). CALLS for the current balance between collaborative projects and mono-beneficiaries activities to be preserved. UNDERLINES that grants should continue to be the main form of funding in the FP and financial instruments and budgetary guarantees could be used to support the scale up and growth of innovative companies and close-to-market activities.
29. RECOGNIZES that with H2020 substantial progress has been made towards **simplification and harmonisation** both at programme and at project level. ENCOURAGES the Commission to continue the simplification effort in H2020 and enhance it further in the design of the next FP and its implementation modalities, including user-friendliness and broader acceptance of beneficiaries' usual accounting practices.
30. UNDERLINES the need to establish a comprehensive **monitoring and evaluation framework** with a set of indicators applying across the FP, to provide a coherent overview of the programme, including more effective and transparent tracking of scientific, economic, societal and policy impact and exploitation of R&I results in the EU during and after the programme. STRESSES that evaluations should fulfil all requirements set in the legal base of the FPs, e.g. the thorough assessment of the extent of use of the additional remuneration to personnel in H2020. CALLS upon the Commission and the Member States to continue efforts to develop a system to measure the impacts of FPs at national level in a comparable way, using a common core set of indicators.
31. REITERATES the strategic importance of the Programme Committee and its configurations, STRESSES the importance of involving fully and in a timely manner the Programme Committee in all stages of work programme design, preparation and implementation and URGES the Commission to take this into account in the design of the ninth FP in compliance with Regulation 182/2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers.