



UNIVERSITÀ
DEGLI STUDI
DI PADOVA



Università
Ca' Foscari
Venezia



THE REGIONAL MINISTRY OF EDUCATION AND VOCATIONAL
TRAINING OF VENETO REGION, VENETO INNOVAZIONE (THE
REGIONAL INNOVATION AGENCY), THE UNIVERSITIES OF PADUA,
VENICE AND VERONA:

COMMON RESPONSE TO THE GREEN PAPER
*"FROM CHALLENGES TO OPPORTUNITIES: TOWARDS A COMMON
STRATEGIC FRAMEWORK FOR EU RESEARCH AND INNOVATION
FUNDING"*



REGIONE DEL VENETO

giunta regionale

Prot. N. 242877/C.100.06.3.B.2

Venezia, 19.05.2011

**Commissioner Máire Geoghegan-Quinn
European Commission
Berlaymont Building
200, Rue de la Loi, Brussels**

Dear Commissioner,

We wish firstly to express our appreciation for your decision to launch a Europe-wide consultation on a decisive issue such as the future Research and Innovation Policy. The successful implementation of the *Common Strategic Framework for Research and Innovation Funding* crucially depends on a strong commitment of all the relevant stakeholders, and we are persuaded that only an open and inclusive governance can ensure a wide convergence towards Europe 2020 objectives.

This document collects and condenses contributions coming from some of the major regional stakeholders involved in the daily realisation of the R&I policy, namely: the Veneto Regional Government, the Regional Agency for Innovation (*Veneto Innovazione*), and the Universities of Padova, Venezia (*Ca' Foscari*), and Verona. It thus represents a *common position* which testifies the strong interest of Veneto Region – *as a system* – in contributing to the new Policy. Also, this joint document proves our concrete commitment towards an integrated approach to R&I Policy which, in our view, is one of the strategic issues addressed by the *Green Paper*.

Veneto Region is renowned worldwide for its extraordinary cultural heritage, as well as for its high-quality industrial and agricultural productions. But our Region is also fully embedded in the knowledge society, as demonstrated – among other things – by the large number of FP7 projects carried out by regional actors. As the *Green Paper* also points out, if we want to maximise the economic benefits stemming from research funding, the key challenge then lies in better connecting these different spheres.

Our Region has been making considerable efforts to smooth the integration between the productive and the academic dimensions at the local level; therefore, many of the key messages expressed throughout this document largely draw on our daily experience in tackling this problem. Summing up, we think that:

- Regions can play a key catalysing role with regard to the research and the productive worlds. Their participation in the governance of the future CSFRI should therefore be enhanced.

- Raising the excellence base of Europe should remain the main objective of the research funding. However, research topics have a differentiated territorial relevance and such an aspect should be taken into account by the Commission through ex-ante evaluations.
- SMEs participation should be further increased. Greater attention should be paid to medium-tech SMEs, which represent the real backbone of European economy. New instruments, addressing their specific knowledge needs, have to be devised.
- While preserving what worked well in FP7, simplification efforts should be inspired to two main principles: flexibility and proportionality.
- New financial instruments can play a strategic role in stimulating innovation. But rigorous monitoring systems are needed to assess whether mobilised resources are reaching expected beneficiaries.

We hope that our contribution can help design an effective R&I Policy to address the great challenges that Europe will face in the coming years.

Veneto Region is ready to play an active role in accordance with the multi-level governance principle, but also on the basis of its own strategic vision outlined in this document.

with my best regards,

Elena Donazzan,
Regional Minister for Education and Training

A handwritten signature in black ink, appearing to read 'Elena Donazzan', written in a cursive style.

TABLE OF CONTENTS

MAIN RECOMMENDATIONS	5
1. AN OPEN AND INCLUSIVE GOVERNANCE FOR THE FUTURE CSFRI	7
The importance of completing the <i>European Research Area</i>	8
2. RESEARCH AND INNOVATION – EXCELLENCE AND TERRITORIAL COHESION: SEARCHING FOR THE RIGHT BALANCE.....	10
Combining consistency and flexibility in new funding instruments.....	10
How to conjugate excellence in research with a balanced territorial development.....	12
3. HOW REGIONS CAN CONTRIBUTE TO THE REALISATION OF THE CSFRI.....	14
A greater involvement of the regional level in the CSFRI	14
How to better combine CSFRI and Structural Funds.....	15
4. TOWARDS A SIMPLER AND MORE EFFECTIVE FRAMEWORK	17
Balancing simplification with diversity.....	17
Exploring new approaches without renouncing to consistency and accountability	19

Main Recommendations

I Recommendation: Only a truly open and inclusive governance of the future funding framework can ensure the involvement of all relevant stakeholders and, consequently, a strong commitment towards the common objectives.

⇒ We call the Commission for exploring innovative approaches (such as, for example, virtual fora, itinerant debates, public contests, etc.) in order to stimulate participation and to “open” the decision-making process.

⇒ We invite the Commission to strengthen and harmonise the role of the National Contact Points, as they represent a crucial interface between the Commission and the academic sphere.

⇒ The role of the “Programme Committees” should be clarified and the process underlying the elaboration of the Work Programme should be more transparent.

II Recommendation: The swift completion of the ERA represents a strategic objective; its achievement crucially depends on programmes fostering mobility (in particular *People*). We also recommend the European Commission to take a stronger initiative in the field of mutual recognition of academic curricula.

III Recommendation: The new CSFRI should remain flexible enough to address effectively the specific needs of different actors, as well as the diverse bottlenecks of the research-market chain.

⇒ A better link between the different aspects of the research-market chain should be pursued through a more effective integration of small projects, which proved to be successful in their respective domain. Therefore, we are not in favour of a “large project” approach.

⇒ We invite the Commission to better explore the non-technological dimensions of innovation (such as formal innovation, social innovation, service innovation, etc.).

⇒ Greater attention should be paid to medium-tech SMEs, which represent the backbone of the European economy. Risk-sharing financial instruments may prove more effective than grants to boost their technological upgrade; current tools - such as *RSFF* - have to be adapted to this category of companies.

⇒ **IV Recommendation:** Projects which have an essential research content should be selected primarily on the basis of excellence-related criteria. However, research topics have a differentiated territorial relevance: the Commission should therefore carry out ex-ante evaluations of the expected territorial impact of R&I funding (at least for large-scale projects).

V Recommendation: Regions can give a strong contribution to conjugate the excellence imperative with the necessity of ensuring a balanced territorial development across Europe.

⇒ Some relevant advisory bodies of the EU R&I Policy (such as *ERAC* and *ERAB*) should be open to contributions coming from the regional level.

⇒ Regions should be given the chance of playing an active role in the field of co-programming instruments, particularly under *art. 185*.

VI Recommendation: Specific measures should be adopted to support regional institutional capacity in the field of R&I policy. Schemes such as *ERA-NET* or programmes such as *RoK* and *PRO-INNO* have proved to be effective as “policy-laboratories”, and should be therefore reinforced.

VII Recommendation: Regions can foster the participation of regional actors in the CSFRI also through a strategic use of Structural Funds.

⇒ SFs can be employed to enhance regional research infrastructures (including immaterial ones, such as access to datasets, software, scientific repository, etc.).

⇒ Specific measures can be implemented at the regional level to foster the participation of SMEs. For instance a “feasibility award” scheme could stimulate SMEs to get engaged in EU research programmes. Local technology transfer agencies and networks such as the EEN can play a significant role in picking up projects which have been positively evaluated but which have not been funded under the CSFRI.

⇒ Clusters should be further supported, as they act as broadcasters of strategic knowledge for localised systems of SMEs.

⇒ More generally, we recommend the Commission to loosen the restrictions to combination of EU funds, or to design mechanisms to ease their integration.

VIII Recommendation: Simplification, too, ought to be smart, by preserving what worked well in the current FP7.

⇒ We make a strong claim for keeping the *Cooperation Programme*.

⇒ *Ideas Programme* and *ERC* should be further supported. Recent innovations introduced by the Commission (such as the *proof of concept*, and the possibility to have more principal investigators) seem to be very positive.

⇒ The “two stage selection process” approach should be generalised.

IX Recommendation: Simplification should be inspired to two main principles: flexibility and proportionality.

⇒ There must be greater proportionality between the extent of auditing requirements and the level of allocated funds. Above all, we invite the Commission to increase the “trust component” in the balance between cost- and trust-based approaches, especially for frontier research projects.

⇒ Special attention should be dedicated to the simplification of financial rules, particularly those concerning the issue of personnel cost calculation. Also, greater consistency is required as regards the interpretation of financial rules by Commission’s officials.

X Recommendation: new approaches (such as *KICs*, *Innovation Partnerships*) have to respond to the same effectiveness and accountability criteria which characterise mainstream CSFRI programmes.

⇒ New financial instruments should be promoted, but rigorous monitoring systems are necessary to assess whether the resources allocated through such instruments are really reaching the expected beneficiaries (and primarily SMEs).

⇒ Excessively detailed research topics might involve an asymmetric competition among applications (or countries).

1. AN OPEN AND INCLUSIVE GOVERNANCE FOR THE FUTURE CSFRI

The **Regional Ministry of Education and Vocational Training of Veneto Region**, the **Regional Innovation Agency (Veneto Innovazione)**, and the **Universities of Padova, Venezia (Ca' Foscari) and Verona**, welcome the new approach to research and innovation funding that the Commission outlined both in the Green Paper and in the "Innovation Union" communication.

We fully agree with the Commission's stance that research and innovation policy should be primarily focused on addressing the grand societal challenges which loom on the future of the EU, but which can also be turned into an opportunity to stimulate socio-technological progress and economic development.

This certainly represents an ambitious policy strategy, as it implies breaking with traditional "thematic-based" approaches to adopt a fully integrated and multidisciplinary policy-designing method. We thus agree that the successful realisation of such a strategy crucially depends on a wide convergence of all the relevant layers of the European multi-level governance towards the Europe 2020 objectives.

For these reasons, we are deeply persuaded that only a truly open and inclusive governance of the future funding framework can ensure the involvement of all relevant stakeholders and, consequently, a strong commitment to the common goals. More precisely, it is our opinion that future decisions regarding how societal challenges will be concretely tackled (i.e., how to select among alternative priorities, projects, etc; with which tools, resources, etc.) should be the result of a transparent and comprehensive debate led by the Commission.

We thus interpret the "**Common Strategic Framework**" not only as an integrated instrument to implement research and innovation policy but also – and more importantly – as the acknowledged **public arena** in which all interested stakeholders can contribute to the definition of EU priorities in this policy field.

In this sense, we are worried about the current proliferation of initiatives (such as the *JTIs* and *KICs*) which partially "deviate" with respect to the mainstream FP7 in both political and procedural terms, and whose "rules of engagement" are not always clear. We are not against exploring alternative approaches to involve industry and civil society in research programmes; **we just call for a unique context – a common framework indeed – in which such alternatives can be discussed and actors can knowledgeably decide to get involved**.

We understand that such an extended and intensified decision-making process might be burdensome and demanding for the Commission to manage, but we firmly believe that this is the only way to enhance accountability and "responsibilisation" of all the relevant stakeholders.

Recommendations

- We invite the Commission to interpret the CSFRI also as an instrument to stimulate and coordinate a **Europe-wide debate over priorities** and strategic choices related to future research and innovation policy.
- We call the Commission for exploring innovative approaches (such as, for example, virtual fora, itinerant debates, public contests, etc.) to open the decision-making process to all interested actors: this is also a crucial condition to enhance **accountability and “responsibilisation”** of all those who will be involved in the implementation of the future R&I Policy.
- We urge the Commission to fully integrate in the CSFRI governance new “entities” (such as *ETPs* and *EIT*, and their related instruments: *JTIs* and *KICs*), whose participation mechanisms appear sometimes opaque and inconsistent with mainstream FP7.
- The role of **National Contact Points** as an interface between the research community and the “Programme Committees” should be strengthened; in this sense, they can also act as potential arenas for stimulating the debate on future R&I Policy. Similarly, NCPs’ access to the evaluation process should be improved. Furthermore, we believe that, while NCPs remain national entities, a certain degree of harmonisation is needed, especially as regards the provision of some basic services (such as the quality of training and assistance on proposal writing, distribution of documentation, etc.).
- We ask the Commission to consider the case for reforming the “**Programme Committees**”: their role seems to have weakened lately and their capacity to synthesise the numerous instances coming from the research community can be questioned. Also, the proliferation of political frameworks and initiatives through which research topics are identified is not a negative phenomenon per se: the problem is to make this process as much transparent as possible, and stakeholders’ action traceable.

THE IMPORTANCE OF COMPLETING THE EUROPEAN RESEARCH AREA

We strongly support the Commission’s ambitious objective of **completing the ERA** by 2014. This represents a crucial condition to take full advantage of European research potential, as well as to maximize possible economic return from research activities.

Veneto’s R&I stakeholders have thoroughly adopted the spirit of the ERA project. On the one hand, Regional Universities are in the process¹ of integrating some of their mobility, post-graduate and research programmes, in order to rationalise regional academic offer and avoid overlapping. On the other hand, Regional

¹ We are referring here to the recently established *UNIVENETO*: an independent foundation, gathering together the four main regional universities and which has the main objective of implementing common research and mobility programmes.

Government and the Regional Innovation Agency are promoting staff and knowledge exchange between the academia and the industry and among companies at regional level through *ad hoc* vouchers schemes.

We stress the importance of programmes fostering mobility – such as **People** - to quickly achieve ERA objectives, and we hope that these programmes will be strengthened in the next programming period. But we also deem that much more can be done in the field of **mutual recognition of academic curricula** (especially for young researchers). In our view, this still represents one of the major hurdles to the creation of a fully integrated research area.

Recommendations

- We invite the **Commission to strengthen programmes fostering mobility** in the next programming period, in particular *People* (including the *Marie Curie Industry-Academia Partnership and Pathways* scheme).
- We also recommend the Commission to take a stronger initiative in the field of mutual recognition of academic curricula and careers (especially for young researcher), which still represents a major hurdle to the full integration of the ERA.

2. RESEARCH AND INNOVATION – EXCELLENCE AND TERRITORIAL COHESION: SEARCHING FOR THE RIGHT BALANCE

COMBINING CONSISTENCY AND FLEXIBILITY IN NEW FUNDING INSTRUMENTS

In a time of economic uncertainty and pressure on public budgets, we appreciate the Commission's commitment to attain a greater socio-economic impact from research funding.

In this perspective, integrating the different funding instruments which currently support the research-innovation chain represents a crucial step to go **beyond the traditional linear model of innovation policy**: it is a widely acknowledged fact that modern modes of knowledge creation and exploitation are socially and geographically distributed, as well as characterised by constant feedback effects between the academic, industrial and civil society spheres.

However, we think that **integration should not mean "uniformisation"**. Different actors need different support mechanisms, so as the diverse phases of the research-market chain have to be addressed through appropriate incentive schemes: consistency of the legal and procedural framework must be coupled with flexibility of the intervention tools.

Within this perspective, **special attention should be dedicated to SMEs**, which represent an highly diversified universe. Schemes such as *Research for the benefit of SMEs* offer crucial support to high-tech SMEs which cannot afford for adequate in-house research capacity. However, we think that **much should be done for medium-tech SMEs** which, though mainly technology-adapters, represent the real back-bone of European economy and, consequently, play a crucial role in determining the economic impact of research results. From our standpoint, we believe that what this category of firms needs most is an easier access to finance. **Risk-sharing instruments** might be in this sense much more effective than grants to boost SMEs' technological development. Similarly, we think that current efforts to involve more intensely SMEs in basic research projects might not always be the most appropriate strategy as it may lead to ineffective consortia.

For the above outlined reasons, **we have doubts about huge projects** which assemble all the different elements of the innovation chain in a unique funding scheme: that would also amplify the consequences of project failure, did not the research activity provide the expected results. Therefore, our preference is rather for support mechanisms facilitating the integration of smaller projects, which proved to be successful in their respective field.

Recommendations

- Integrating the different research and innovation funding instruments in a *Common Strategic Framework* is an appropriate approach, as it reflects how knowledge creation and exploitation take place in advanced societies. However, the new CSFRI should remain flexible enough to tackle

_____ , as well as the diverse bottlenecks of the research-market chain.

- A better link between the different aspects of the research-market chain (research, engineering, testing, commercialisation, etc.) should be pursued through a more effective **integration of small projects**, which proved to be successful in their respective domain. This kind of approach would also help preserve the necessary curiosity-driven and intrinsically risky aspects of research activity. On the contrary, large projects, including from the beginning all the diverse aspects (from research to commercialisation), might prove difficult to evaluate, and they would risk to amplify the effects of an unsuccessful research activity.
- Within this perspective, instruments such as the “**proof of concept**” should be further strengthened and generalised. Trans-European business-oriented networks – such as ***European Enterprise Network*** – can then play a strategic role in better linking economically interesting research projects with the entrepreneurial world. Also, we believe that greater attention should be paid to demonstration activities and, in general, to instruments supporting the absorption by the industrial sphere of research results which show greater market potential. Since such activities often require a considerable financial effort, we invite the Commission to devise support measures which combine effectively grants with revolving financial instruments (some of the current CIP instruments seem already quite effective and might be further fine-tuned).
- We also invite the Commission to pay a greater attention to **the non-technological dimensions of innovation** (such as formal innovation, social innovation, service innovation, or innovation in business models, etc.), as the Communications on “Innovation Union” and “Industrial Policy for the Globalised Era” also emphasise. Current initiatives on *Creative Industries* and on *Mobile and Mobility Industries* go in the right direction and need to be mainstreamed.
- Also, we call the Commission for exploring more intensely alternative policy approaches, based on novel conceptualisations of innovation process (such as those related to “open innovation”, “user driven innovation” or “innovation communities”). A specific budget should thus be dedicated to this objective. In this perspective, we recommend the Commission not to underrate the important contribution that **social sciences and humanities** can provide to a better understanding of the complex relationship between social and technological advancements: such a comprehension is also crucial to design effective policies with a view to the societal challenges.

HOW TO CONJUGATE EXCELLENCE IN RESEARCH WITH A BALANCED TERRITORIAL DEVELOPMENT

In the light of the above outlined arguments, we think that aspects relating to the expected commercial impact or to dissemination activities might be included in project proposals. However, we reiterate that the different bottlenecks of the research-innovation chain should be addressed by tailored instruments, and evaluated according to pertinent criteria. In particular, research potential should be primarily evaluated on the basis of excellence-related criteria. In this perspective, the current evaluation method based on a peer-review system probably remains the best one to select projects which have prevalent research content.

Rather, debate should focus on what we really mean by excellence: sometimes we have the impression that important resources are spent on projects or research lines which can be defined as excellence only at the European level, but which cannot stand comparison – either in terms of financial effort or scientific competence – with scientific initiatives carried on outside Europe. We think that if we decide to adopt excellence as the main criterion for evaluating research and innovation projects, then we have to adopt it thoroughly.

In our view, the real problem with an excellence-based policy approach might lie in the potential contrast with other political finalities of the CSFRI. More precisely, if research policy abandons a mere “knowledge stock growth” objective to take on **broader development finalities**, then it is necessary to consider also potential **territorial implications** which might clash with the excellence criterion. In other words, since research centres of excellence are not equally distributed across Europe, nor are the companies able to absorb and transform research results in innovative products, the **political issue arises of how distributing the economic benefits stemming from R&I funding**; similarly, the problem of how to better connect academia and industry gets a clear territorial connotation.

Now, we know that researchers, businessmen, technicians, and so on, are embedded in extended knowledge and information networks, which stretch across territories and boundaries. However, these networks often display different geographies and they are hardly in touch with each other, not even at a local level where they overlap without linking. Here it is where local governments, and in particular regions, can play a key role, as they can act as catalysers of the diverse knowledge networks that cross localities. In other words, regions can perform a strategic task in smoothing the interconnection between the academic and the industrial spheres, and, in doing so, they can greatly contribute to distributing the economic return of R&I funding.

Recommendations

- Projects which have an essential research content should be selected primarily on the basis of **excellence-related criteria**; a peer-review system should remain the main method to carry out the evaluation process.
- However, it is a widely acknowledged fact that several research issues (especially in the areas of environment, bio-technologies, and energy)

have a differentiated territorial relevance. Therefore, when deciding about topic and priorities to be funded, the Commission should carry out **ex-ante evaluations** of the expected territorial impact (at least for large-scale projects). The results of these evaluation exercises should always accompany the annual Work Programmes.

- Besides, we have to recognise that research excellence is not equally distributed across Europe. Therefore, if research policy assumes broader development finalities – as outlined in the “Innovation Union” Communication - this necessarily involves political considerations, which relate to the territorial distribution of benefits stemming from R&I funding. In this perspective, **regions become an essential player**, as they can perform the strategic task of engaging their territory in far-reaching knowledge and economic networks.

3. HOW REGIONS CAN CONTRIBUTE TO THE REALISATION OF THE CSFRI

A GREATER INVOLVEMENT OF THE REGIONAL LEVEL IN THE CSFRI

Regions represent the level of government which is closer to where the different scientific and economic networks actually intersect. What is more, regions have already important responsibilities in EU governance as regards development issues, as they are the main beneficiaries of the Cohesion Policy.

For both these reasons, **we claim that regions can have a key catalysing role to play**. More precisely, regions can greatly contribute to conjugating the objective of fostering excellence in research programmes with the necessity of guaranteeing a balanced territorial development across Europe.

Both the Communication on “Innovation Union” and the Green Paper already assign regions a clear role in implementing the future R&I Policy. However, in the light of the arguments outlined in the first section, regions should be given the opportunity to get engaged also in the policy-making phase: if we want to achieve a greater commitment and responsabilisation of all relevant stakeholders in the implementation of EU R&I strategy, then we have also to give such stakeholders the chance to participate in the decision-making process which underlies the definition of EU-wide priorities. This is even more important, if we consider that several regions across Europe (including Italian ones) have many important statutory competences in the field of research and technology-transfer policies.

Recommendations

- We invite the Commission and the Council to consider the opportunity to open some advisory bodies of the EU R&I Policy (such as ERAC and ERAB) to contributions coming from the regional level, via the Committee of Regions, or some other form of representation. Also, Regions should be regularly consulted about the territorial relevance of research and innovation topics (via Programme Committees, or other), in order to ensure a balanced spatial coverage of R&I effort.
- We invite the Commission to cooperate with Eurostat to elaborate **appropriate indicators** which enable regional authorities and all interested stakeholders to measure the participation of regional actors in the future CSFRI.
- We urge the Commission to offer regions the chance of playing an active role in the field of co-programming instruments, particularly under **art. 185**.

HOW TO BETTER COMBINE CSFRI AND STRUCTURAL FUNDS

If regions are to play a significant role in the elaboration and delivery of R&I policy, then it is important that regional authorities are offered appropriate instruments to strengthen their institutional capacity, especially in lagging behind areas.

Moreover, the concept of *smart specialisation* calls for tools which enable regional governments to better align their research priorities, and to develop actions in a complementary way (including the coordinated use of research infrastructures).

Recommendations

- Specific actions should be adopted in order to promote the use of new tools and methodologies for policy development at the regional level. In this perspective, schemes such as **ERA-NET** or programmes such as **RoK and PRO-INNO** have proved to be effective in acting as “policy-laboratories”, and should be therefore reinforced (and hopefully further streamlined) in the future R&I.
- These instruments could also play a positive role in better linking regional and national policies to EU level in accordance with the *smart specialisation* principle. A specific use of such instruments in this sense should be considered by the Commission.

As the Communication on “Innovation Union” and the Green Paper have pointed out, regions can contribute to raising the participation into the EU R&I policy also through a better connection between CSFRI and the Structural Funds.

In this perspective, it is often said that Structural Funds can be employed especially to enhance **research infrastructures** at the regional level. While sharing this view, we would like to draw attention also to the **growing importance that immaterial outputs** (such as access to datasets, software, etc.) are playing in developing and diffusing new knowledge, and which are becoming an important part of the modern research infrastructure.

As mentioned before, we are convinced that R&I Policy’s main objective should remain fostering technological and scientific excellence; on the other hand, a “variable geometry” approach is necessary to address territories which are characterised by a high proportion of SMEs or companies specialised in mature sectors.

In this context, too, a smart combination of CSFRI and Structural Funds can help find a sound balance between these two priorities, especially as regards the participation of SMEs.

Recommendations

- **Structural Funds** can be employed to enhance regional research infrastructure. In this context, greater attention should also be paid at the EU level to the role of immaterial infrastructures (such as access to datasets, software, scientific repository, etc.).
- Specific measures can be implemented at the regional level to **foster the participation of SMEs in CSFRI** (at least of those who are ready to work in an international environment and can display strong market connections). For instance:
 - A **“feasibility award” scheme** (similar to that already implemented under FP5) could attract more SMEs to EU R&I funding programmes. Such a scheme would be managed at the regional level but “topped-up” through the CSFRI (i.e., funded through a combination of SFs and CSFRI).
 - Projects which have been positively evaluated at EU level, but which have not been granted, could be supported through local schemes. In this context, **local technology transfer agencies and networks such as EEN** can play a significant role in making the most of projects verging on excellence and yet not eligible for funding under the CSFRI. Specific funds under the *Territorial Cooperation Objective* could be dedicated to this aim.
 - When participating in EU-funded projects, SMEs are required huge financial guarantees that they often find difficult to provide. Specific guarantee funds could be established at the regional level to enable SMEs to participate in EU projects.
- **Clusters** should be further supported, as they act as broadcasters of strategic knowledge for localised systems of SMEs and can play a “training role” for their members. In this sense, specific programmes fostering trans-national cooperation for clusters should be developed (Programmes such as RoK cannot play this role: current eligibility requirements are too burdensome; moreover, the reading of the “triple helix model” which underlies the programme does not correspond to how clusters are actually structured in many regions, especially in southern Europe. A more flexible approach is thus needed).
- ERDF might also be used to support **innovation in public procurements**, especially with regard to the pre-commercial phase.
- More generally, we recommend the Commission to loosen restrictions to combination of EU funds, or to design mechanisms to ease their integration.

4. TOWARDS A SIMPLER AND MORE EFFECTIVE FRAMEWORK

BALANCING SIMPLIFICATION WITH DIVERSITY

We appreciate Commission's efforts to simplify current FP7 and we reckon that much more can be done in the next R&I funding programme. Certainly, there is a strong need for rationalising current funding instruments: in too many cases similar topics or objectives are still addressed by different instruments. Also, more efforts are required to reduce red tape and to reach greater consistency as regards the interpretation of financial rules.

However, we think that **simplification also should be "smart"**. In other words, simplifying should not mean revolutionising: we should preserve what worked well in FP7, while trying to improve negative aspects. We have to point out that sometimes Commission's attempts at simplifying have actually led to a greater complexity.

Recommendations

- "Smart Simplification" means that the Commission should first preserve what worked well in the current FP7, and only then try to improve negative aspects. Commission should consider the costs involved in learning new procedures before introducing relevant changes to current FP7 structure.
- We make a strong claim for keeping the **Cooperation Programme**. In our view, it has proved to be effective in achieving its main objective of strengthening the ERA through trans-European research projects. It also appears as the most adequate instrument to ensure territorial balance as to the participation in CSFRI.
- Ideas Programme and ERC should be further supported. Recent innovations introduced by the Commission (such as the proof of concept, and the possibility to have several principal investigators) seem very positive. Also other programmes inspired to a bottom-up approach (such as *FET* and *Marie Curie*) have proved their potential in stimulating new ideas and approaches.
- Both *Cooperation* and *Ideas* are necessary to ensure the right balance between "top-down" and "bottom-up" approaches, which are both needed in our view to tackle societal challenges.
- The **"two stage selection process"** approach should be generalised. It seems to us the best way to reduce useless administrative burdens both for applicants and evaluators.

Generally speaking, simplification should be inspired to two main principles: proportionality and flexibility.

Recommendations

- We invite the Commission to consider the opportunity to establish a unique methodology for cost claims for all projects. Particular requirements and conditions can be later introduced in each specific consortium agreement.
- We encourage the Commission to simplify procedures for introducing contract amendments, in order to smooth the integration of new ideas and new market opportunities which might emerge during the project implementation.
- In any case, **there must be greater proportionality between the extent of auditing requirements and the level of allocated funds**. Above all, we invite the Commission to **increase the “trust component”** in the balance between cost- and trust-based approaches, especially for projects on the research frontier. Equally, we are not in favour of a “result-based” systems: we are persuaded that such a system would significantly compress the necessary risky and explorative nature of research activity. On the other hand, we believe that an independent evaluation body could be established to monitor projects’ concrete results with a view to giving more visibility to the positive outcomes of EU funded research. Also, such a body might provide useful information to the Commission with a view to picking up best projects for further funding under different schemes and/or to clustering successful projects to tackle bigger challenges (as suggested in sec. 3).
- Special attention should be dedicated to the simplification of financial rules, particularly those concerning the issue of personnel cost calculation. Commission’s efforts to simplify the average cost methodology are certainly welcomed. However, an average personnel cost methodology drawn on the usual accounting practices used by the beneficiary should be accepted, too. More generally, we strongly invite the Commission to consider the case for fully revising the necessity of recording the time spent by researchers on EU projects through time-sheets.
- We recommend the Commission to make greater efforts to assure consistency as regards the interpretation and applications of rules by Commission officials.
- Greater flexibility should be allowed to large research institutions, for which the risk of “systemic error” could significantly restrain participation in research funding programmes.
- Participation and audit requirements for SMEs should be considerably reduced. The logic underlying the *Research for the benefit of SMEs* scheme is appropriate, but partnership requirements are too heavy and not realistic for the great part of SMEs. Schemes such as *STREP*, characterised by lighter consortia, should be picked up again.

EXPLORING NEW APPROACHES WITHOUT RENOUNCING TO CONSISTENCY AND ACCOUNTABILITY

- We welcome recent Commission's attempts at exploring new approaches to increase companies and civil society participation in funding programmes (such as *JTIs*, *KICs*, *Innovation Partnerships*). However, we are concerned about the growing influence that big industries seem to play on the definition of EU research priorities. Also, while we share the objective of increasing the use of financial instruments, we ask for rigorous monitoring tools to assess whether these resources actually reach expected beneficiaries.

Recommendations

- New approaches (such as *KICs*, *Innovation Partnerships*) and financial instruments should respond to the same effectiveness and accountability criteria which characterise mainstream CSFRI programmes.
- *Innovation Partnerships* can represent an interesting approach to mobilise new actors and lead them towards common objectives. However, *IPs* should primarily provide a common framework for better coordinating a variety of initiatives: as mentioned above, our preference is more for a system facilitating the integration of different small projects which proved to be effective, rather than for a "large projects" approach.
- Rules for participating in the diverse JTIs should be harmonised. The different regimes which now characterise each JTI constitute a significant disincentive to participation, especially for the research community.
- New financial instruments should be promoted, but we call the Commission for setting up **rigorous monitoring systems** to assess whether the resources allocated through such instruments are really reaching the expected beneficiaries (and primarily SMEs).
- While both top-down and bottom-up schemes should be supported, we believe that specifying research topics in too much detail might involve an asymmetric competition among applications (or countries). Therefore, the definition of the research topics or priorities should be left broad enough to allow for the widest response: a competent and truly independent evaluation panel based on a peer-review system should then be fully able to select the best proposal.