

11. Research and Innovation

POLICY AREA: RESEARCH AND INNOVATION

| <i>TYPE OF ACTION/ MEASURE</i> | <i>SECTORAL COMMISSION PROPOSALS¹⁴</i> | <i>FINAL TEXT</i> |
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| Reducing number of Programmes | <p>- All existing Union research and innovation funding instruments, including the Framework Programme for Research, the innovation related activities of the Competitiveness and Innovation Framework Programme and the European Institute of Innovation and Technology (EIT) are merged into a single framework programme (H2020), thus integrating activities from idea to market (Art. 1 and 5 H2020).</p> <p>- This framework programme is implemented through one specific programme (FP7¹⁵ covers five different specific programmes), thus bringing more flexibility, increasing transparency and facilitating implementation of cross-cutting actions (Art. 1 SP H2020).</p> | |
| Single sector framework | <p>- A single set of rules applies to the funding of all actions undertaken by participants under H2020, including Euratom, regardless of the body (Commission, agency, joint undertaking, EIT or other) granting financial assistance (Art. 1.1 RfP H2020).</p> | |

¹⁴ **H2020:** Proposal for a Regulation of the European Parliament and of the Council establishing Horizon 2020 - The Framework Programme for Research and Innovation (2014-2020) (COM(2011) 809 final)

RfP H2020: Proposal for a Regulation of the European Parliament and of the Council laying down the rules for the participation and dissemination in 'Horizon 2020 – the Framework Programme for Research and Innovation (2014-2020)' (COM(2011) 810 final)

SP H2020: Proposal for a Council Decision establishing the Specific Programme Implementing Horizon 2020 - The Framework Programme for Research and Innovation (2014-2020) (COM(2011) 811 final)

Euratom H2020: Proposal for a Council Regulation on the Research and Training Programme of the European Atomic Energy Community (2014-2018) complementing the Horizon 2020 – The Framework Programme for Research and Innovation (COM(2011) 812 final)

¹⁵ **FP7:** Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013)

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| | <ul style="list-style-type: none"> - This single set of rules accommodates the need for flexibility of specific bodies, notably public-private partnerships (Art. 1.3 RfP H2020, Art. 7 Euratom). | |
| Synergies / Mainstreaming | <ul style="list-style-type: none"> - The specific objective of climate action and resource efficiency is to be complemented through the other specific objectives of Horizon 2020 (Art. 25 H2020, Art. 3 and 5.6 SP H2020) so that at least 60% of the overall Horizon 2020 budget would be related to sustainable development and that climate-related expenditure would exceed 35%. - It is expected that around 15% of the total combined budget for all societal challenges and the enabling and industrial technologies under H2020 will go to SMEs (Art. 18 H2020). <p>Examples of synergies</p> <ul style="list-style-type: none"> - Implementation of H2020 shall complement other Union funding programmes, including the Structural Funds (Art. 17 H2020). - Promotion of private-public and public-public partnerships under H2020 should facilitate cooperation with the private sector and adaptation to the needs of industry as well as complementarity with national and regional programmes (Art. 19 and 20 H2020). - International cooperation under H2020 shall be driven by complementarity with external and development programmes as well as initiatives of Member States (Art. 21 H2020). | |
| Clear priority objectives + indicators | <ul style="list-style-type: none"> - H2020 shall be one of the basic pillars in delivering the Europe 2020 strategy for smart, sustainable and inclusive growth by building an economy based on knowledge and innovation (Art. 5 H2020) <p>H2020 SP focuses on a reduced number of specific objectives, thus allowing for a concentration of resources around three priority areas that could not be effectively realised by Member States acting alone (strengthening the excellence of European research, strengthening our Industrial leadership in a selection of six enabling and industrial</p> | |

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| | <p>technologies, responding directly to six key societal challenges) (Art. 3 SP H2020).</p> <ul style="list-style-type: none"> - Finally, clearly specified objectives and other performance instruments allow for a simplification of the implementation and control procedures. | |
| Flexible decision-making procedures | <ul style="list-style-type: none"> - Only work programmes as implementing acts are subject to comitology. Award decisions are not, thus allowing reduction of the time to grant. (Art. 5 SP 2020)). - The Commission is authorised to adjust the budget breakdown in order to respond to unforeseen situations or new developments and needs (Art. 6.3 H2020). - The Commission is empowered to adopt delegated acts for modifying the conditions applicable to financial instruments used to enhance access to risk finance for investing in research and innovation so as to adapt to economic market environment or capitalise the results of complementary financial instruments (Art. 3.2 SP H2020). | |
| Clear cost eligibility rules | <ul style="list-style-type: none"> - Funding rules are based on a streamlined cost reimbursement model: <ul style="list-style-type: none"> (i) A single reimbursement rate of eligible costs shall be applied per action for all activities and all participants, instead of three different rates in the 7th Framework Programme (FP7) (Art. 22.3 RfP H2020). (ii) Indirect costs are eligible for funding on the basis of a unique flat rate of 20% of the direct eligible costs, (instead of the four methods in FP7) (Art. 24 RfP H2020). - The general cost eligibility criteria are aligned on those set out in the Financial Regulation, including with regard to eligibility of VAT borne by a participant (Art. 23.1 RfP H2020). - Costs of affiliated entities may be eligible without them acceding to the grant agreement provided iter alia these entities would be eligible for funding if they were a participant (Art. 19.5 RfP H2020). | |

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| | <ul style="list-style-type: none"> - The owners of SMEs and other natural persons who do not receive a salary may charge simplified personnel costs (scales of unit costs) (Art. 26 RfP H2020). - The requirements in terms of time-recording systems are reduced. For persons exclusively assigned to the action, no time recording is required (Art. 25 RfP H2020). - Costs of pre-commercial procurement are explicitly made eligible (Art. 19.8 RfP H2020). | |
| Simplified cost methods | <ul style="list-style-type: none"> - The use of simplified forms of grants is authorised in line with the possibilities offered by the Financial Regulation, facilitating funding in the form of lump sums and other output-based grants (Art. 21 RfP H2020). - Staff costs declared on the basis of unit costs in accordance with the participants' usual cost accounting practices are accepted subject to minimum conditions that are meant accommodate most of them (Art. 27.2 RfP H2020). - Possibility, but no obligation, for the participants declaring personnel costs on the basis of unit costs determined in accordance with their usual cost accounting practices to have their accounting methods approved beforehand (Art. 29 RfP H2020) - The Commission may decide to use forms of grants calculated on a statistical basis but also per beneficiary and per project (Art. 27.1 RfP H2020). | |
| Proportionate controls | <ul style="list-style-type: none"> - The control system is designed to take account of the minimised risks of errors resulting from simplification measures in the field of grants, notably through the broader acceptance of the beneficiaries' cost accounting practices, increased recourse to lump sums, unit costs and flat rates, as well as promotion of new instruments such as prizes and financial instruments (Art. 23.1 H2020). - Systematic verification of the financial capacity of applicants is limited to coordinators and only where the requested grant for the action exceeds EUR 500 000 (Art. 14.5 RfP H2020). | |

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| | <ul style="list-style-type: none"> - Certificates on financial statements are requested only whenever the EU grants takes the form of reimbursement of actual costs or scale of units (Art. 28 RfP H2020). - The participant Guarantee Fund is extended to all beneficiaries of H2020 funding awarded by Union bodies (Art. 32 RfP H2020). - The controls are better targeted (Art. 23.3 H2020): <ul style="list-style-type: none"> (i) The audit strategy is based on a single representative sample of expenditure across the whole programme, complemented by a sample compiled on the basis of risk considerations. (ii) The governance of the ex-post audit activities will ensure that the audit burden on participants is minimized. As a guide, the Commission considers that a maximum of 7 % of participants in Horizon 2020 would be subject to audit over the whole programming period.- | |
| <p>E-governance</p> | <p>For H2020, the setting up of a single user-friendly IT platform is foreseen to provide a one-stop-shop to participants: all exchanges with the participants may be channelled through a secure electronic system to be established by the Commission. This system may notably be used to sign grant agreements and to submit reports (Art. 18 RfP H2020).</p> | |