

Good afternoon

Ladies and Gentlemen

It is a pleasure to have been invited to speak before you today. For those of you who do not know me. I am a Member of the European Parliament where I sit on the ITRE committee and on the Budget committee. I am currently rapporteur for the Specific Programme implementing H2020.

Before going any further, let me thank ASD for having hosting this event.

-Aeronautics is a key sector in European industry and leadership.

-This industry is an example of good coordination between different project stages - from concept idea to large scale demonstration.

-FP7 had a much more sectoral approach - in H2020 the Transport sector has an holistic approach for the whole transport system - which is a major improve for the Transport system.

But I will leave the details on the Transport priorities for Dr András Siegler, Director for Transport from the Commission.

Horizon 2020

At this point, I should like to offer an assessment of how I see Horizon 2020 and highlight a number of key points that I believe deserve particular attention. To begin with, I shall offer a brief, general assessment of Horizon 2020. Then, I should like to stress the importance of excellence and the stairway to excellence, of simplification and finally, the importance of building synergy between Horizon 2020 and the structural funds.

To finish this discussion of H2020, I shall briefly underline the key importance of providing the most adequate funding possible given the circumstances that we are confronted with today.

Overall Assessment of Horizon 2020

With regard to Horizon 2020, to begin with let me just sketch in briefly the nature of the process involved. Under the present "co-decision" rules, the Commission *proposes* and the Parliament nominates a *rapporteur* who then presents a series of modifications that are subsequently adopted or otherwise at Committee level and then at Plenary level. At the same time, the Council prepares a series of opinions defining their position on the matter. There then follows a process of negotiation involving the three institutions that eventually results comprehensive in

rigorously formulated programme. As things stand, I am the *rapporteur* for what is called the Specific Programme Implementing H2020.

What then is the rationale that has underlined the decisions that we have taken and what is the structure of the present programme?

As I see it, there are 4 key principles. The programme involves:

~ Firstly, a trust based funding system. A simpler FP with fewer instruments alongside a radical overhaul of the administration of the FP.

~ Secondly, a chain from frontier research, to technological development, demonstration, valorisation of results and innovation. A programme that will contribute to the competitiveness of Europe. Enhanced participation of industry, with special emphasis on SME's.

~ Thirdly, substantial increase of budget for research and innovation.

~ And finally, enhanced participation of young scientists.

The structure of the new programme is certainly much improved by comparison with FP7 and involves a satisfactory balance

between the three pillars of firstly, excellence in science; secondly, industrial leadership and finally, societal challenges.

~ Firstly, a science driven pillar - Raising excellence in the science base. This will cover:

- The European Research Council;
- Future and Emerging Technologies;
- Marie Curie actions on skills, training and career development;
- European research infrastructures (including eInfrastructures).

~ Secondly, an industry driven pillar: This will cover:

a) Creating industrial leadership in enabling technologies such as:

- Information and Communication Technologies,
- Nanotechnology, advanced materials, advanced manufacturing and processing,
- Biotechnology,
- Space,

- b) Innovation in SMEs,
- c) Access to risk finance.

~ Thirdly, a policy driven pillar covering cooperative research projects addressing the great societal challenges.

This should address the challenges of:

- a) Health, demographics changes and wellbeing;
- b) Food security, sustainable agriculture and the bio-economy;
- c) Secure, clean and efficient energy;
- d) Smart, green and integrated transport;
- e) Climate action and resource efficiency including raw materials;
- f) Inclusive, innovative;
- g) Secure societies.

Let me tell you what have been my specific contributions. I was particularly eager to make sure that the following proposals were built into the fabric of the new programme: Firstly, the stairway to excellence, Secondly, the synergy between Horizon 2020 and the structural funds; and finally simplification.

Excellence and Stairway to Excellence

The Commission proposal placed considerable emphasis on the importance of excellence and this was something with which I could only concur. However, I wanted to insist on the importance of making sure that we encouraged the first sprouts of excellence in what we have named the "*stairway to excellence*". This will enable us to foster the growth of units of embryonic excellence such as small research groups and highly innovative start ups. In concrete terms, this gave rise to such things as "the twinning schemes" and "ERA chairs scheme".

Synergy

The second area that I was particularly responsible for was that of the building of complementarity between Horizon 2020 and various European, national and regional financial instruments. Structural funds, of course, are of central importance in this respect.

Increasing complexity in the field of scientific research requires critical mass and has gone hand in hand with a rising need for expensive equipment. Providing for this is a sphere in which the European Union can make a real difference.

To further these ends, we require a multi-fund approach and the strengthening of the bridges that link Horizon 2020 and the other funds - with the structural funds to the fore.

Horizon 2020 has been designed in such a way that we can look forward to real advances. However, the structural funds have a complementary role to play with regard to what Horizon 2020 will be able to do. *Upstream* from Horizon 2020, the structural funds can be used for capacity building. *Downstream* from Horizon 2020, the structural funds can help smooth the passage from conception to market. At the same time, they can also be used to co-finance certain projects.

Simplification

Turning now to simplification - for which I was also the rapporteur - this is one of my crusades and Horizon 2020 includes the greatest part of the many recommendations that were made in my simplification report. These include amongst other recommendations:

- A single set of rules for all elements of Horizon 2020.
- Horizon 2020 will accept the different accounting practices that the participants have already adopted in their respective countries. This includes, you will be pleased to hear, the fact

that all stakeholders involved in H2020 are now able to claw back VAT.

- Simplification of the time recording system.

Finally, the new rules should facilitate the recruitment of staff to universities in order to work on Horizon 2020 projects. Hopefully, this will keep young researchers in gainful employment.

Bridging Science and Industry through knowledge transfer

As for the different instruments that we have at our disposal, H2020 gives to a central place to several instruments that promote innovation and the valorisation of research findings in a commercial context. In particular, these include three bottom up funding instruments:

* Firstly, the SME instrument will enable us to provide simplified and staged support and its three phases will cover the whole innovation cycle. Transition from one phase to the next will be seamless provided that the SME project, in question, is deemed to be worth further funding during the previous phase. In this respect there are three phases. The first phase is "concepts and feasibility assessment", the second is "R&D,

demonstration and market replication". The last aims to facilitate access to private capital and innovation enabling environments.

* The second main instrument that we have at our disposal is the debt and equity facilities. These will provide access to risk finance for industry and special conditions have been envisaged for SMEs. In this respect, the goal of the SME window is to support research, innovation and growth in the environment of small and medium sized companies. This will allow, where appropriate, the pooling of financial resources for those member states that are (correct in previous text) willing to contribute a part of their structural funds.

* Finally, future and emerging sciences and technologies will foster radically new technologies by exploring novel and high risk ideas that are built on scientific foundations. Flexible support will be provided to goal orientated and interdisciplinary collaborative research on various scales. Innovate research practices will be adopted whose aim is to identify and seize opportunities for future economic and social benefit.

It is our belief that these instruments will supply a real response to the needs of innovators in a European context.

Budget

Before finishing, let me say a few words about the pressure that we are currently experiencing to revise the budget. As you may know, the MFF negotiations are still under way. In this context, the Cypriot Presidency has recently announced that “*all elements inside and outside the MFF, will have to be adjusted downwards*”. A decision on the final figures is expected for the third week of November (between the 22nd and the 23rd).

These “adjustments” will inevitably have a considerable impact on the whole structure – and for that matter on the viability – of H2020. It is to be hoped that the different governments – and not least those with a reputation for academic excellence – will make an effort to attribute an at least adequate budget for H2020.

Thank you very much for your kind attention.