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RÉPUBLIQUE FRANÇAISE

Paris, 13 January 2017

Position from French authorities

(*Courtesy translation*)

Object: **Response to the European Commission consultation on the midterm evaluation of the Horizon 2020 programme.**

On 20/10/2016, the European Commission launched an open consultation on the present EU Framework Programme for Research and Innovation (FPRI), Horizon 2020, in view of providing inputs for the midterm evaluation of the programme. This midterm evaluation aims at identifying solutions which could improve the functioning of Horizon 2020, launched on 1 January 2014 for a 7-year period, and will also represent a key element in preparing the next FPRI.

France wishes to share its analysis of Horizon 2020 implementation with its partners. This report is based on the results of the open consultation organised by the French authorities and integrates inputs prepared by the National Thematic Groups, and the contributions of organisations, companies and individual researchers in response to the on-line questionnaire available on www.horizon2020.gouv.fr website.

This position does not address the evolution for the next FP, which will be subject to a specific document to be addressed by the French authorities to the European Commission by the end of the first half of 2017.

Summary

Horizon 2020 is a key programme for excellence and cooperation based on simplified rules of participation.

The Framework programme for research and innovation (FPRI) combines the various EU RDI programmes: FP7, EIT and the innovation part of the former Competitiveness and Innovation framework programme (CIP). This programme represents a critical tool for creating the European research area and ensuring the competitiveness of European research and innovation.

The current success of the FPRI programme, is mainly due with the introduction through Horizon 2020 of practical measures such as: two-year programming, offering better visibility to participating teams, simplified funding rules (single cofounding rate, flat rate for indirect costs), or the quality of the digital services and tools provided by the Commission.

The quality of its 3 pillars architecture (scientific excellence, industrial leadership, societal challenges) and the pertinence of its implementation principles (excellence and cooperation) have a structural effect, going well beyond the allocated budgetary envelope. This political success is particularly illustrated by the international reputation of many FPRI initiatives, such as ERC, the European Research Council, the Marie Sklodowska Curie programme dedicated to the mobility and training of researchers, leading industrial projects such as Galileo, SESAR, or 5G PPP, and, more generally, by increasing the participation of SME.

- ***The collaborative aspect of the programme currently represents a key feature of the European added value of HORIZON 2020.***

The pertinence of this approach is ensured, on the one hand, by the definition of 7 major societal challenges, requiring the launch of transnational partnerships, and on the other hand, by confirming the multi-actor approach. This dual approach has positive spill-overs both at the programme level and the project level by promoting the quality of scientific output, and the competitiveness of stakeholders.

Furthermore, by covering the entire innovation chain from upstream research down to the final stages before market introduction, the FPRI enables both cooperation and dialogue between producers of knowledge, products and services, and their customers and end-users at European level. This is necessary to avoid any gap in the value chain and opposing upstream and downstream research activities.

Finally, the involvement of the demand side in the projects, allow the alignment of the supply with the market at European level, thereby simplifying the international expansion of companies

- ***Subsidies must remain the preferred type of support for research activities***

Most Horizon 2020 funding is allocated through grants. France, in compliance with the conclusions of the Competitiveness council from spring 2016 on the *ex post* evaluation of the FP7, considers that subsidies must remain the preferred type of support, particularly for research and development activities.

<u>Horizon 2020 offers potential for improvements at several levels</u>

- ***Improve Commission-Member States governance in order to better and jointly identify the priorities and subjects to be covered at European level***

The budgets of the Member States currently represent 91% of the total European public investment in R&D. In this context, **France calls for a renewed dialogue between the Commission and the Member States, to guarantee synergies between national policies and the community level and thereby promote active collaboration for the co-construction of European programming. This renewed dialogue can be implemented while respecting the prerogatives of each party.** Furthermore, France alerts that additional and specific brainstorming is required for each different main topics (health, environment, energy, society, transport, digital, etc.). Indeed, a one-size fits all programming, instruments and procedures could prove counter-productive in terms of sub-sectors and/or scientific and technological fields, which have broad varying levels of technological maturity, types of funding and potential for European added value.

In this framework, it is particularly important to consider joint programming as a process, which will benefit from a complementary approach between Member States and the Commission, and not as a process managed by the Member States independently to the framework programme. The foresight dimension of joint research must be reinforced in order to establish strategic priorities shared by the Member States and the European Commission, and ensure these priorities are deployed in a co-construction context to avoid fragmentation.

- ***Better coverage of the innovation chain***

· the number of innovations leading to industrial and service success stories, including at international level, is lower in Europe than in the United States. It would therefore appear necessary to continue with and improve the coordination of fundamental research policies with those of applied research and innovation;

· collaborative research must remain at the core of the activities supported by the frame workprogramme, currently via pillars II;

- the global balance maintained between innovation actions (IA) and research and innovation actions (RIA) (1/3 vs. 2/3 in terms of budget) appears adequate, particularly in terms of the participation of SME, except "Health, Demographic Change and Wellbeing", "Secure, Clean and Efficient Energy" and "Climate Action, Environment, Resource Efficiency and Raw Materials" challenges, where the share of budgets allocated to high TRL appear excessive compared with the needs of the communities;
- it appears necessary to increase intermediate R&D activities for the aforementioned challenges while maintaining the focus on activities with high European added value;
- it appears necessary to clarify the borders between research and innovation actions and innovation actions;
- furthermore, the collaborative nature of the projects can prove unsuitable for the competitive environment of some economic areas. Increasing the requested technological maturity for collaborative projects in these sectors is not always the preferred approach for industrial operators;
- however, France considers that European SMEs, whose presence has increased in Horizon 2020 thanks to individual projects within the SME instrument, must also enhance their participation in collaborative projects, particularly to allow them to expand their network of partners and customers. This therefore implies that programme activities with high TRL must be maintained.

  Excluding the aforementioned challenges, the current balance between TRL appears satisfactory.

- ***Success rates must be improved***

Most Horizon 2020 calls for proposals are extremely appealing and as a consequence must face a very high oversubscription. Indeed, only 1/3 of excellent proposals are funded. Oversubscription is a complex phenomenon induced by several combined factors. France therefore proposes the following potential lines of consideration to solve this issue.

- In order to avoid European funding replacing national funding, Member States must make an enduring effort to maintain a level of public RDI investment in line with the target of 3% of GDP;
- In order to increase success rates, France proposes concentrating resources on subjects with clear European added value, defining the technological content of calls for projects more precisely, to ensure that the proposals are better focused, and reinforcing the precision of the expected impacts (new jobs, effect on turnover, publications, patents filed, performance targets, etc.) of pillars II & III projects. A complementary solution for projects with low TRL and which do not relate to sectors with short innovation cycles or facing high levels of international competition, would be to increase the use of the 2-phase evaluation process, with a homogenised evaluation of proposals between these 2 phases (e.g. use of the same panel of experts) and a guaranteed success rate of between 30% and 40% for the second phase (dynamic threshold).

- ***Continued simplification***

- administrative simplification must be sustained: France will pay attention to ensure that rules interpretation by EC services does not burden the administrative management of projects;
- France also invites the Commission to organise the numerous existing initiatives around a shared scientific strategy and efficiently position the various instruments existing, in particular public-public co-funding. **Instruments must never be drivers for the strategy**. In particular, in the future, co-funding tools involving Member States and the European Commission must be able to manage multi-annual calls and improve the alignment of funding (*cash* and *in-kind*) supported by European tax payers (i.e. EJP and ERANET).

1. **<u>France considers that the European RDI framework programme is a key feature of the European Research Area (ERA) and the industrial competitiveness in Europe.</u>**

Over the years, the framework programme for research and innovation has become a key driver toward the creation of the European Research Area. The quality of the architecture of this programme and the transversality of its implementation principles ("excellence and cooperation") have a structuring effect, which goes well beyond the budgetary envelope of the programme (3%) in terms of internal European RDI spending.

The programme encourages and promotes exchanges between all stakeholders, on both the programming and implemention (i.e. projects) phases of RDI activities. Furthermore, successive framework programmes for research and technological developments have led to the emergence of an open employment market for researchers, an increased impact of publications for beneficiaries and the structuring of research and innovation ecosystems at European level.

This political success is also illustrated by the international reputation of many framework programme initiatives:

- Less than 10 years after its creation, the ERC has been confirmed as a reference for excellence by world scientific communities;
- the "Research infrastructures" programme, has initiated and ensured the success of the ESFRI roadmap (and in parallel helped consolidated national roadmaps for research infrastructures), in addition to fostering the creation and access to key equipments;
- the Marie Sklodowska Curie initial and lifelong training programme, which acts as a catalyst for harmonising training programmes for and by research bodies, in an international and inter-sector context;
- major industrial projects such as Galileo, SESAR, or 5G, and more generally the increased participation of SME.

In the context of the participation of the FPRI to ERA construction, **it appears necessary to develop research infrastructures and joint programming.** When the joint programming process was launched in 2008, the Conclusions of the Council of December 2008 clearly established the fact that the joint programming process was managed by Member States with the appropriate support of the Commission. This process led to the launch of ten joint programming initiatives, with topics to match the Horizon 2020 societal challenges. For this reason, we consider that this complementary approach between Member States and the Commission is a major priority for the continued preparation of joint research. This means that FPRI must continue to contribute to structuring these initiatives based on financial incentives, on the one hand, by assisting with coordinating these initiatives (e.g. via CSA, the Commission can more easily play this coordinating role for initiatives led my multiple EM), and on the other hand, via co-funding instruments (any: ERA-NET, EJP, etc.). However, **we suggest that, for the continuation of these initiatives, their efficiency should be evaluated,** together with their international visibility, and thematic content should be revised or potentially converged.

Developing contractual Public-Private Partnerships (cPPP) as part of Horizon 2020, such as the partnership for the industry of the future or 5G, has reinforced and institutionalised dialogue between industry and the European Commission. Compared with the situation for FP7, these cPPP have extensively reinforced the consideration of industrial needs and partnerships between research bodies and companies working in the field of innovation. Creating an SME instrument, particularly during phase II, allows SME to improve their skills in terms of European RDI funding systems, while receiving public support not subject to the rules for state aid.

1.1. A positive development compared with previous programmes

At this stage, it is too early to assess the socio-economic impact of H2020 RDI projects: the first projects only started their R&D activities in 2015. Yet, already several positive trends can been established by this programme:

- programming based on the pillar of societal challenges requires players to adopt multi-disciplinary and inter-sector logics, which will allow for cooperation and the integration of players in the value chain. This approach gives hope for a faster adoption of the results of the projects;
- the generalisation open access to publications issued by H2020 projects induces a scientific and socio-economic impact reaching beyond the participants and contributes to the scientific footprint of the European Union at international level in terms of fundamental research. In terms of applied research and innovation, sharing research data, particularly intermediate results, may raise difficulties. **France considers that the possibility of protecting all legitimate interests (industrial property, privacy and business secrets) must be maintained on a long-term basis**. This is an essential condition for maintaining the appeal of Horizon 2020 for companies;
- two-year programming cycles allows participants, but also national funding agencies, to better plan for calls and adapt the allocation of their resources appropriately;
- simplified rules for participation (e.g. using a single funding rate or flat rate for indirect costs) and improved digital services and tools, have opened up projects to new participants and are welcomed by all players.

1.2. Improvements expected before end-2020

1.2.1. Budget

The 2014-2020 multi-annual financial framework adopted in 2013 confirmed RDI as a priority for EU actions to promote growth and employment. Horizon 2020 is indeed now the 3rd budget of the Union. However, the contribution of €2.2 G by Horizon 2020 to the Juncker plan (EFSI) less than one year later, increased the gap between the programme's ambitions and its resources **Member States and the Commission must guarantee that the levels of funding match the political targets assigned to the FPRI, in particular** if we compare the figures with a constant scope, the annual budgets of several programmes have dropped compared with the later years of FP7.

1.2.2. Governance

While France welcomes the Commission's drive to establish more open and transparent direct dialogue with academic and industrial players and those from civil society, it also reminds that Member States contribute to 91% of public RDI investment in Europe. In many sectors, the current articulation between European actions and those carried out by Member States suffers from a cruel lack of complementarity. This situation is undoubtedly the product of inadequate dialogue between Member States and the Commission. Excluding exceptional circumstances, the Commission only marginally refers to the expertise of programme committees when defining programming, despite the fact that these committees should be the logical place for co-construction. This situation is enhanced by the lack of concentration of resources in fields where the Union is most likely to provide a real added value compared with individual States or with ad-hoc bilateral and multi-lateral cooperation (e.g. Eureka, ESO, ESA, etc.).

One initial consequence of this fragmentation is the difficulty faced by Member States in articulating their national programming with Horizon 2020 in order to guarantee consistency throughout the entire European Research Area (ERA). Furthermore, in a context where the public finances of the Member States are under pressure, some Member States could be tempted to rely on European resources for their own public RDI policy, leading to an immediate decrease of national investment (cf. Appendix 3), but also increasing competition during Horizon 2020 calls, with success rates falling significantly (cf. infra).

While respecting the prerogatives of each party, France therefore calls for a renewed dialogue between the different DGs of the Commission and the Member States aiming for real co-construction of the programming strategy, i.e. jointly identify, for each sub-sector and/or scientific and technological field, which subjects and the corresponding levels of technological maturity have the best potential for European added value.

1.2.3. Implementation

The implementation of Horizon 2020 is satisfying. France suggests the following in order to improve the effectiveness of the programme

a) Programming (preparation of Work programmes and monitoring of their implementation)

Since the adoption of legislative texts for Horizon 2020, deep changes have occurred in both the European and international political landscapes (signature of the Paris agreement following the COP21, adoption of the Energy Union strategy, transition to digital industries, crises around the Mediterranean). What is more, the technological state of the art has also changed (the transition to digital industries, IoT, etc.). The Commission has suggested establishing *Focus areas* to enable funding of cross actions between several societal challenges. . This idea is interesting; however the approach faced several problems within the first two work programmes: too many *focus areas*, uncertainties on the comitology, and undue complexity of the work programme edition for participants (particularly with the introduction of the transversal work programme). Last but not least, the inability of Commission DGs to coordinate has undermined the smooth implementation of the *Focus Areas*.

A multi-disciplinary approach combining several societal challenges, and even several pillars, is required. In particular, it is important to create more links between the societal challenges, e.g. between the energy transition, the digital revolution, environmental priorities, a circular economy, economic and social, or health and environmental priorities. These links would promote the emergence of new knowledge and innovations located at the intersections between several disciplines. **France encourages the Commission to continue with this policy, but to limit scope to a number of *Focus areas* with an integrated approach. Effective inter-services coordination must be established and dialogue between the EC DGs and the Member States must be promoted.**

The two-year programming is appreciated by academic and industrial players. However, this policy must not reduce the responsiveness of projects focusing on activities close to the market (i.e. innovation actions) or in sectors characterised by short innovation cycles (e.g. ICT) or likely to change rapidly (e.g. Health, Safety, Energy). **It is indispensable, whenever necessary, to introduce greater flexibility during the second year, depending on the expected level of local market relations and the business segments involved.** Ebola- and Zika-related initiatives in the Health challenge demonstrated that nothing prevents the Horizon 2020 programme from being reactive in terms of deployment and prove that an appropriate balance between predictability and flexibility can be found.

The number of innovations leading to industrial and service success stories, including at international level, is lower in Europe than in the United States. It would therefore appear necessary to continue with and improve the coordination of fundamental research policies with those of applied research and innovation. Collaborative research must remain at the core of the activities supported via pillars II and III. The overall balance between innovation activities and research and innovation activities (RIA) (1/3 vs. 2/3 in terms of budget) appears satisfactory, particularly in terms of the participation of SME, except "Health, Demographic Change and Wellbeing", "Secure, Clean and Efficient Energy" and "Climate Action, Environment, Resource Efficiency and Raw Materials" challenges, where the share of activities focusing on high TRL appear excessive. **It appears necessary, on the one hand, to increase intermediate R&D activities for the aforementioned challenges, and better clarify the borders between RIA and IA, while maintaining**

the focus on activities with high European added value. Furthermore, the collaborative nature of projects may prove inappropriate due to the intensive competitive environment of some fields. Thus, reaching technological maturity too early for projects in these sectors is not always the preferred approach for industrial operators. However, France considers that European SMEs, whose presence has increased in Horizon 2020, partly thanks to individual projects within the SME instrument, must also enhance their participation in collaborative projects, particularly to allow them to expand their network of partners and customers. This therefore implies that programme activities with high TRL must be maintained.

Excluding the aforementioned challenges, the current balance between TRL appears satisfactory and must not be reconsidered.

While RDI programming must be based on an in-depth analysis of the past and current situation, the quality of available quantitative (i.e. eCorda) and qualitative data and, above all, the reduction in the internal sector-based expertise of the Commission is leading to a suboptimal use of results. This situation does not allow for either long-term quality programming or an estimation of the impact of the projects supported so as to convince political decision-makers and European tax payers of the benefits of reinforcing investment in RDI. **France invites the Commission to launch a permanent working group with Member States in order to optimise the configuration and efficiency of eCorda and to improve the analysis and assessment of the various long-term impacts of the projects funded, particularly for upstream research, where changes are often planned over more than a decade.**

b) The funding instrument landscape is increasingly complex and the number of initiatives is rising

Real efforts are being made to simplify administrative aspects, and these efforts are very appreciated. However, the multiplication of the number of "instruments" in a general sense (RIA, IA, PCP, cPPP, JTI, EJP, ERANET, FPA, KICs, financial instruments, *cascade funding, etc.*) as well as the numerous managing services (DGs, executive agencies, joint ventures, EIT, EIB, etc.) reduce the scope of this significant improvement. The European landscape is increasingly more complex (as shown by Appendix 1) and requires a disproportional amount of attention from participants. Furthermore, the level of complexity is such that some initiatives appear redundant and the Commission services themselves sometimes appear confused.

A few examples:

- many cPPP have been launched since the start of Horizon 2020. Some fields appear more suitable than others for the definition of medium-term R&D roadmaps and no attempt should be made to apply this model in a uniform manner. French authorities also pay attention to ensure that the fields not covered by cPPP are not penalised in budgetary terms, that cPPP do not require a considerable commitment for smaller players, and do not increasingly reinforce isolated operations. Furthermore, the results of the evaluation of projects from initial calls in the context of some cPPP, for example such as HPC, raise fears that the system implemented could fragment efforts and prevent the emergence of a competitive European technological offer. Despite this, earmarked financial resources appear matching the scientific and industrial priorities involved. It is therefore key to manage public-private partnerships in a strategic manner, as these partnerships overlap in some industrial sectors. This applies, for example for the "Digitising European industry" priority, particularly promoted by the "Big data value association (BDVA)", EFFRA on the factories of the future, SPARC on robotics), Ecsel, ETP4HPC, the alliance of IOT innovation (AIOTI), etc.;

- several European research and innovation initiatives cover the same societal challenge. Although systematic streamlining and harmonisation is not necessary, we must, at least, coordinate these various initiatives as the priority is to both achieve hands-on solutions for these major challenges on a long-term basis, and to optimise the resources assigned to the various initiatives;
- the European added-value by an instrument such as the SME instrument in phase 1 appear unclear, while the reward (i.e. total allocated subsidies) on cost (i.e. the total cost of preparing proposals and the cost of the evaluation) ratio appears extremely low. It therefore appears extremely urgent to stabilise and streamline operators and instruments.

France calls for the streamlining of funding instruments and the assessment of their pertinence. In particular, with reference to ERANET COFUND and EJP instruments, France invites the Commission to consider creating a unique instrument, which could be adapted depending on the type of beneficiaries and project funding procedures (cash or *in-kind*). This instrument will substantially benefit from a multi-annual funding arrangement, which can be used to consider several co-funded joint calls (and other activities) without need for a systemic and complete evaluation as it is currently the case. The simplification planned for 2016 via the FPA (*Framework Partnership Agreement*) is worth rediscussing and adapting in order to agree on the needs for these critical instruments for public-public co-funding, as far as possible, to allow for synergies within the ERA, for both EM resources and EC DG resources.

c) Given the inner uncertainty of research and innovation activities, subsisdy should remain the main funding instrument for RDI projects

Horizon 2020 faces a strong increase in submissions. This situation is particularly clear for RIA, which cover low or intermediate levels of maturity (4-6) with reduced resources (cf. supra), particularly for "Health, Demographic Change and Wellbeing", "Secure, Clean and Efficient Energy" and "Climate Action, Environment, Resource Efficiency and Raw Materials" challenges, where the allocated budgets appear unbalanced to the benefit of activities with high TRL. In these fields, where the rise in TRL level implies an increase of several orders of magnitude in the total cost of R&D activities, the use of the InnovFin instruments provided for in the Horizon 2020 rules appears more suitable. However this type of instrument is not really pertinent for collaborative projects, which do however contribute high added value to Horizon 2020. Furthermore, with the exception of a few difficulties due to specific competition conditions on different markets, high TRL do not necessarily involve lower requirements in terms of cooperation, as the players in the value chain must work together in view of launching products on the market. At this stage, all Horizon 2020 funding systems must be able to support collaborative projects.

Finally, the uncertain nature of research activities does not allow for the potential long-term support of RIA activities via loans. **France, pursuant with the conclusions of the Competitiveness council from spring 2016 on the ex post evaluation of the FP7, considers that subsidies must remain the preferred type of support, particularly for research and development activities.**

d) Guarantee the legal certainty and legitimate confidence of participants

Significant progress has been achieved in terms of rules of participation and IT tools (cf. supra). France does however consider that these improvements must continue in the following fields:

- **France invites the Commission to strive for recognizing the eligibility of the usual practices of beneficiaries in the financial context of the Union to a greater extent;**

· the multiplication of *cascade funding* processes in some programmes (e.g. ICT and NMBP) raises the question of beneficiaries' (intermediaries in fact) capacity to accept the financial risk of potential non-compliance by a third party.

Generally, the French authorities support the use of cascade funding mechanisms if they allow SME's and start-ups, which are not usually partners in European projects, to be involved in projects, and in fields where they can offer clear European added value. This approach is particularly pertinent for supporting clusters of excellence and "Digital Innovation Hubs". However, participants' lack of familiarity with the instrument may have led to deployment difficulties and, while the situation is improving, attempts by the Commission in terms of explanations, must be continued. Furthermore, considering the inherent management costs, it would appear appropriate for the amounts allocated in the context of *cascade funding* to represent an average of €150,000 to €200,000 and for the European Commission to provide its IT infrastructure (participant portal and workflow system) in order to both reduce operating costs and provide an information hub for participants. Finally, the Commission must guarantee a very high level of quality for evaluations and the transparency of sub-calls.

Clusters are legitimate participants in these types of actions, aiming to support local ecosystems. However, their financial structure is not compatible with covering this risk. In a similar manner, many new Member States are hampered in their participation in Art. 185 due to the guarantee requested by the Commission to protect the financial interests of the European Union. **France calls to extend the scope of the guarantee fund to *cascade funding* and the initiatives launched via Article 185.**

Generally, **France invites the Commission to reinforce coordination between services, legal and financial NCP, and stakeholders, by organising more meetings: the current format based on two annual meetings appears inappropriate to guarantee active and effective support for the common support centre**. France proposes adding at least one meeting per year.

e) Oversubscription reaches critical levels

The level of submissions reached in recent years has led to a generalized oversubscription that represents a serious threat to the reputation and medium-term survival of the programme. This breeds several negative consequences, which mutually reinforce each other: difficulty in identifying and recruiting a growing number of pertinent and quality experts, difficulty in distributing the best proposals between the experts and therefore potentially introducing a random factor into the selection process, which could discourage the best teams from participating in the programme, the growing and systemic cost of preparing proposals, hampering the effectiveness of the European RDI system as a whole, etc.

Over and beyond the above reasons, the very high level of submissions recorded is also due to the excessive opening of some calls (non-ERC). In addition to focusing resources on topics with high European added value, France supports greater precision in terms of the expected impact of projects, for the societal challenges, (e.g. as already done for some calls for the health challenge). The French authorities also invite the Commission to study the reintroduction of the *preproposal check* in order to ensure that the idea behind the project and the targets of the working programme match, to extend dialogue with the community during the period between the publication of the text and the formal opening of the call, the introduction of 2-phase calls for upstream activities, which do not focus on sectors with short innovation cycles or face high levels of international competition (subject to a highly selective initial stage to ensure a 30-40% success rate in the second stage (dynamic threshold), to maintain the same panels between the 2 evaluations, and leave more time between the 2 phases to integrate recommendations and prepare the proposal in phase 2).

f) Maintaining the quality of evaluation

The evaluation process for Horizon 2020 calls is a model for many national agencies in Europe. In order to confirm this status, France proposes finding solutions to the following challenges:

- the difficulty in recruiting impartial and qualified experts to manage the ever-growing numbers of proposals submitted;
- the growing percentage of consultants in the panels of experts, while the nature of their activities could raise doubts over their ability to appropriately assess the current situation for research activities and make it harder to identify potential conflicts of interest (i.e. the European Commission's at best highly partial knowledge of the customer portfolio);
- while the multi-disciplinary nature of projects is a positive change, it makes it difficult to assess quality, via only three experts, particularly when these proposals focus on economic and commercial questions, and humanities, going beyond traditional Science & Technologies. The elimination of physical consensus meetings for some calls is a great concern, as these meetings are key to comparing the opinions of experts and reach a shared consensus, and they also allow the Commission to detect any suspicious behaviour by experts. When physical meetings prove impossible to organise, video conferences must be used to compensate for absences as often as possible;
- the composition of the evaluation panel must be maintained for both evaluation phases.

As for the SME Instrument, the introduction of hearings would significantly improve the appraisal of the ability of directors to manage the international expansion of their company, and the deployment of qualitative evaluation reports would allow SME to receive high-value external expertise.

Maintaining expertise at as high a level as possible is critical to guarantee the quality of the evaluation and therefore the excellence of the selected projects. This point is not compatible with the growing use of consultants**. France therefore invites the Commission to adapt its rules on conflict of interest to the standards established by the OECD**. Furthermore, in order to adapt the evaluation process to the changing nature of projects, **France invites the Commission, when necessary, to raise the minimum number of experts per proposal to five,** even if only proposals having passed a given threshold when revised by the three technical experts in the sector are subsequently evaluated by the experts with a more commercial and humanities profile.

g) Synergies still need to be activated

France supports the Commission's will to promote synergies between various EU programmes. On the specific issue of ESIF/FPRI articulation, Frances proposes the following ideas:

- aligning eligibility rules and costs justification of RDI projects co-funded by the structural funds with those of Horizon 2020. While these options exist under the 2014-2020 rules, it is important to guarantee the legal security of these rules, to allow Managing authorities to use these options;
- allowing an exception on State aids regulation for all RDI projects co-funded by EU credits;
- improving the ties between Horizon 2020 and other more sector-specific programmes (e.g. NER, Juncker plan, etc.);
- more generally, coordinating EC DGs in order to construct a consistent ERA.

In terms of coordinating European funds with national funds, France proposes the following:

at least one Horizon 2020 system is currently coordinated with various national funding plans. This system is known as Innovfin, and it proposes loans, guarantees and support in the form of venture capital, for companies. Support for small- and medium-sized entreprise (SME) and intermediate-sized firms can pass via financial intermediaries, which allocate joint resources. In France, this is particularly the case for Bpifrance.

This type of action, directly in partnership with national funding agencies, could be generalised to other innovation support systems, particularly the SME instrument or Horizon 2020 prices, on the

basis of co-funding by the European Commission and Member States, ensuring that funding reaches a critical size and simplifying corporate access (including start-ups) to European funding.

Launching such co-funding would allow projects to be supported more easily, from the conceptual phase to the market launch, in partnership with national operators providing aid to companies.

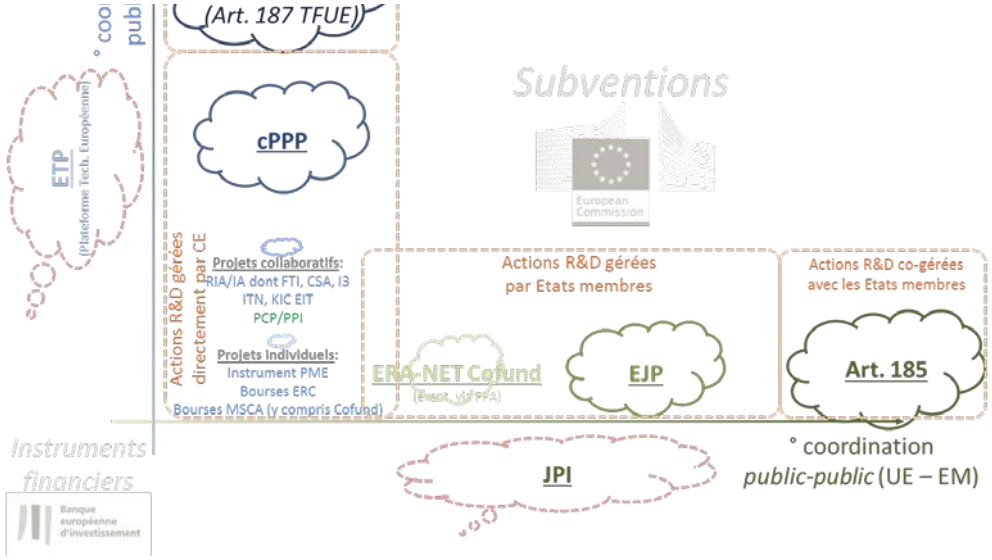
· France supports the European target of creating a digital economy. The concept of innovation hubs, which the Commission wishes to fund up to €500 M over the last 3 years of the programme, represents an unarguable benefit, promoting innovation at local or regional level. The funding provided by the Commission to top up national funding, must allow the various hubs to network, particularly to exchange good practices at European level.

2. Focus on the COST programme

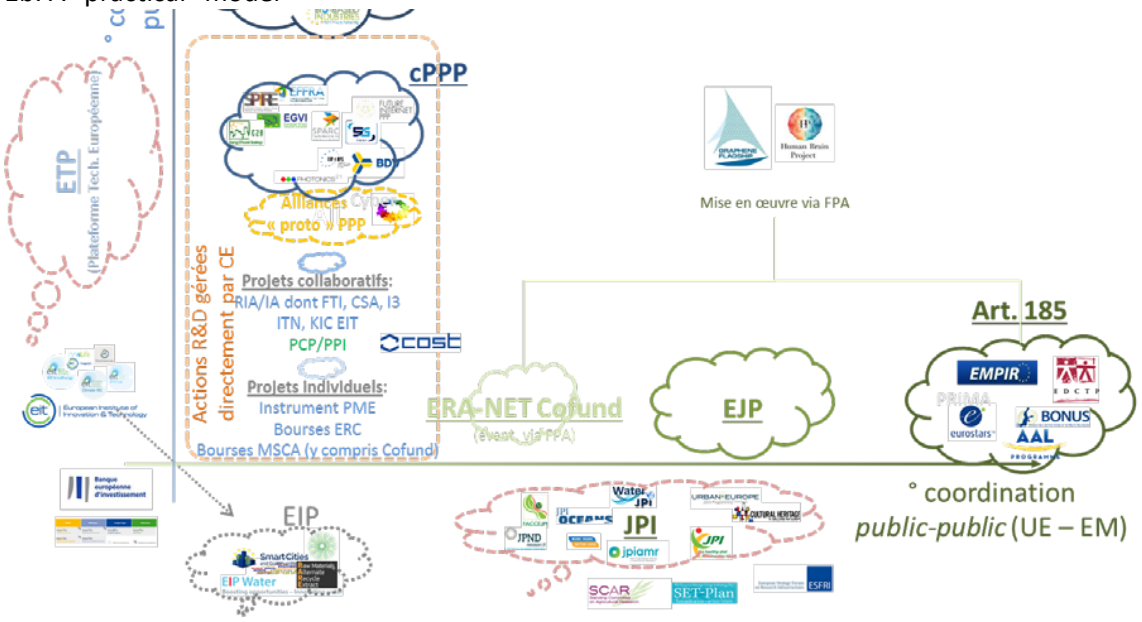
Since the launch of Horizon 2020, the COST programme has been managed by the COST association, which is mainly funded via the FPRI, and more precisely the "WIDESPREAD" programme and challenge 6. The initial funding plan raised major difficulties, not only for the COST association itself, but also and above all for many COST beneficiaries around Europe, particularly in "less effective" countries. One of the COST objectives is to improve their integration in European research and innovation networks. These difficulties were only and particularly managed with the option of amending the grant agreements (SGA) intended for the COST association. The current funding set-up is still globally sub-optimal compared with the operation of the COST programme. Yet, a strong need to reinforce European networks and integrate more players still exists. For this reason, we call on the Commission to jointly consider, with the Member States and the COST association, the funding of this programme and propose alternative funding plans, which better fit the needs of the stakeholders. France can provide ideas in this respect.

Appendix 1 – An attempted overview of the current landscape for European "instruments"

1a. A "theoretical" model



1b. A "practical" model



Appendix 2: Summary of the various joint initiatives at European level, aiming to manage the major societal challenges

Initiatives and Instruments	**JPI (*Joint Programming Initiative*) – public-public partnership**	**Article 185 – public-public partnership (legislative document)**	**JTI (*Joint Technology Initiative*) – public-private partnership (article 187)**	**KIC (*Knowledge and Innovation Community*) – knowledge triangle**	**EIP (*European Innovation Partnership*) – coordinating innovation**
Infectious diseases	Anti-Microbial Resistance		Innovative Medicine Initiatives		
Climate	Climate			Climate-KIC	
Ageing	More Years Better Lives Neurodegenerative Diseases (JPND)	Active and Assisted Living Programme		EIT Health	Active and Healthy Ageing
Agriculture	Facce	PRIMA			Agricultural Sustainability and Productivity
Urban planning	Urban Europe				Smart Cities and Communities
Water	Water	PRIMA:			Water
Oceans	Oceans	Bonus (Baltic Sea)			
Raw Materials				Raw Materials	Raw Materials
Food and Nutrition	HDHL			KIC Food	
Cultural heritage	Cultural Heritage				
Transport			Cleansky SESAR Shift2Rail EGV		
Energy	SET Plan		BBI FCH	InnoEnergy	

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The French authorities are at the disposal of the European Commission for any complementary discussion focusing on these topics.