

# Horizon 2020 in practice

## DIGITALEUROPE observations and recommendations for next Work Programmes

Brussels, 20 February 2015

### Introduction

With an ambitious Horizon 2020 (H2020) package, the European Union gave a strong sign concerning the importance research and innovation can play in strengthening Europe's economic growth and social welfare. The ICT industry in general - and the member companies of DIGITALEUROPE in particular – have welcomed this effort, and have been eager to continue their participation in collaborative research, following their engagement in previous framework programs.

As first H2020 consortia and projects start to take shape, DIGITALEUROPE would like to offer with this paper its comments on the functioning of the new “system”, drawing from members' direct experience. DIGITALEUROPE's recommendations focus on what would need further improvement in order to make sure that (1) the EU maximizes industry participation, in accordance with Horizon 2020's objectives; (2) the key role of ICT as an innovation enabler across industries is recognized and strengthened in the next Work Programmes.

The ICT industry participation to EU R&D funding programs has brought a number of important benefits, and has also allowed stakeholders from academia and other industries to take advantage of such resources. Moreover, it is worth noting that half of the economic growth in Europe is related to the introduction of ICT to other sectors, while 5% of European GDP, with an annual value of about € 660 billion, is generated today by the ICT sector itself<sup>1</sup>. It can continue to grow, providing more highly skilled jobs in knowledge intensive organisations, if we invest now.

DIGITALEUROPE therefore strongly believes that European investment in H2020 needs to continue focusing (1) on collaborative research of the highest scientific and technical quality, (2) on impact, including the capacity to deliver timely results that will form the basis of the next generation of global technologies and services, and (3) on strengthening Europe's industrial leadership and to address societal challenges.

Given the essential role ICT plays in supporting other sectors, we argue that it needs to be kept as an independent area of collaborative research efforts in the LEIT part of H2020. Furthermore, ICT must be given sufficient budget allocation, to ensure that future generations of technologies can be researched while, at the same time, the latest available ICT products and services based on previous research investments are used to solve societal challenges and to improve Europe's competitiveness.

Against this framework, DIGITALEUROPE details below possible improvements to operational issues which we think would allow taking more into consideration the inherent characteristics of the ICT industry.

While DIGITALEUROPE acknowledges that formal changes to Horizon 2020 framework cannot be adopted ahead of the mid-term review, we strongly hope these contributions can be taken into account to improve current and future effectiveness of the programme's implementation – namely in view of Work Programme 2016-2017. Our members stand ready to offer further contribution toward the mid-term review process, drawing from their experience and expertise on the ground.

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<sup>1</sup> [http://europa.eu/rapid/press-release\\_IP-12-259\\_en.htm](http://europa.eu/rapid/press-release_IP-12-259_en.htm)

## Observations and Recommendations

### 1. Industry participation

DIGITALEUROPE welcomes the overall objective of the H2020 to reverse the gradual decrease of industry participation in previous Framework Programmes. However, recent experience indicates that many barriers still remain. For instance, the new reporting rules for cost claiming by beneficiaries in the ECSEL JTI have been worsened for industry partners instead of improving. Furthermore, the current IPR regime hampers rather than fosters industry-academia collaboration (e.g. the conditions for joint ownership regime). Finally, protectionist measures such as the existing affiliates' clause or any measure in line with the proposed "In Europe First" IP policy advocated by the KET HLG, prevent companies from operating in global value chains, serving worldwide markets in the most efficient way and fully exploiting H2020 results in addressing global challenges.

#### Recommendations

The Commission and Member States should further stimulate industry partners to participate in EU collaborative research projects by (1) swiftly reducing heavy administrative burdens, (2) reducing the longer lead times compared to national research programs, (3) improving the Intellectual Property Rights (IPR) regime in H2020 and (4) refraining from protectionist measures which do not take into account the outspoken character of the ICT industry, including the commercialisation of results all over the world.

### 2. Time to grant

The Commission committed to reduce H2020 the time-to-grant (defined as the administrative period between submission of a proposal and signature of the Grant Agreement) to a general maximum of 8 months. According to Article 20 of the Rules for Participation (RfP), this period of 8 months is split into "a maximum period of 5 months from the final date for submission of complete proposals" for "informing all applicants of the outcome of the scientific evaluation of their application" and "a maximum period of 3 months from the date of informing applicants they have been successful" for "signing Grant Agreements with applicants or notifying grant decisions to them."

Considering the first call of H2020 Work Programme 2014-15 (WP 2014-15), communication of the evaluation results to applicants was delayed until almost 5 exact months after the submission deadline, even though the evaluation results were already known within the European Commission's services. It would be of great help to the applicants if the evaluation results could be communicated immediately after the decision process is closed, so as to allow for better preparation to start the project.

#### Recommendations

DIGITALEUROPE recommends re-consider the total "time to grant" of 8 months and abolish the artificial split into "maximum 5 months" for informing applicants of the evaluation results and "maximum 3 months" for preparing Grant Agreements. In particular, DIGITALEUROPE recommends the earliest possible communication of the selection outcome to the selected proposals coordinators, leaving them more time for preparing their position towards the proposed Grant Agreement and Consortium Agreement.

Moreover, wherever possible, the European Commission should also explore options to reduce the overall time-to-grant so as to better fit to the short innovation cycles characteristic of the ICT industry.

### 3. Grant Agreement and optional clauses

DIGITALEUROPE would like to state its concerns about the lack of clarity over optional clauses in the Grant Agreement and whether they will or will not be activated by the Project Officer. The final terms of the Grant Agreement impact on the terms required in the related Consortium Agreement for the action. These optional clauses can significantly alter the requirement on partners.

At proposal-writing stage partners need this information. In fact, if some optional clauses apply to an action, these need to be reflected in the Description of Action as this will also influence how partners participate in the project. At contract preparation stage, it would be highly beneficial if Coordinators (in consultation with other consortium partners) had actual room for maneuver to negotiate with the Commission on opting in/opting out of such optional clauses. In the context of H2020 Call 1, some Grant Agreements were not released until almost 2 months after the Commission announced that the actions were selected, i.e. approximately one month before signing deadlines). During that two months period, the optional clauses ticked in the Participants Portal changed regularly, so there was no clarity as to which of the optional clauses definitively applied to the projects. This delayed Consortium Agreement negotiations.

#### Recommendations

The Commission should issue the final Grant Agreement for each project as soon as it announces results. The Commission needs to allow 5-6 months between the announcement that an action is funded, and the date by which partners must sign the Accession Form to the Grant Agreement. It is extremely challenging to close Consortium Agreements within three months of the funding announcement, particularly where entities have had more than one action approved for funding. Such exercise becomes more complex and uncertain where partners have not received the final version of the Grant Agreement.

The European Commission's services should make best efforts to announce their funding decision 2-3 months earlier, giving partners 5-6 months to negotiate the consortium agreement. Furthermore, the EC should state in each Call for Proposals which of the optional clauses will most likely apply to actions funded under that Call. It is At the Call issue date, it is considered that the EC already knows the main clauses that will apply, e.g. Article 15.1, Article 30.3, other clauses around Access Rights to Results.

In addition, the European Commission should take into account consortium partners' views with regard to the options concerned by the GA, in particular with regard to the IPR, as the beneficiaries are the ones to develop the results and therefore have much better visibility on what kind of results will be developed within the project and which IP rights have to be taken into account for the exploitation and disseminations of results.

### 4. Formal and informal evaluation criteria

In addition to the three formal criteria of excellence, impact and quality/efficiency of implementation, other policy aspects (such as funding synergies with ESIF) are slowly but gradually taken into account into the evaluation process, via "additional conditions" in the Work Programme.

#### Recommendation

DIGITALEUROPE recommends sticking only to the three formal criteria. Despite the fact that the whole ranking process is fully transparent and faithfully documented in an evaluation report that is further validated by the presence of independent observers, rules for evaluation should be clear from the beginning without other unknown criteria during the evaluation.

## 5. Oversubscription and increased competition

The trends in the first call for proposals of H2020 correspond to a globally higher oversubscription compared to FP7. This is certainly due to the fact that strategic objectives are currently too broadly defined and not specific enough in WP2014-15. The potential confirmation of the current trend (11% for average success rate compared to 17% in FP7) could lead to a decrease of industry participation because of too low success rates and increased proposal preparation time to possibly comply with proposal selection criteria (some proposals are currently not selected despite their scores of 14.0-14.5/15).

Strategic objectives in the forthcoming Work Programme should be more focused. Considering LEIT PPPs, the industry drive in the definition and implementation of the Private part of the PPPs should be clearly acknowledged and mandated. The evaluation processes (such as instruction of reviewers on the application of the evaluation criteria) are expected to lead to the implementation of strong Industry-driven PPPs.

### Recommendations

DIGITALEUROPE recommends that strategic objectives in future Work Programmes are made more focused and specific to avoid a huge oversubscription of proposals. This will guarantee to channel the efforts on the most strategic research and innovation areas.

## 6. Two-stage submission

Two-stage submissions prolong the time-to-grant, which does not fit the very dynamic nature of the ICT sector. Selection in the first stage is mainly based on Excellence, the page limit is set to 15 (in some cases less than 10) pages (little more than an extended abstract) which puts serious doubts on the possibility to effectively assess the real quality of the proposal. In addition, there is no evidence that the oversubscription will be lower than with one-stage submission, the current trend being that the number of stage-two proposals is often comparable to usual number of proposals submitted in a one-stage submission process.

### Recommendations

In an effort to reduce time-to-grant and in order to cater for the very dynamic nature of the ICT sector, DIGITALEUROPE clearly recommends to stick to one-stage submissions.

Considering current H2020 pillars and strategic objectives with two-stage submissions, e.g. Societal Challenges, the first stage should be much more selective.

## 7. Consortium Agreement for H2020 Actions

DIGITALEUROPE launched the MCARD-2020 model Consortium Agreement. MCARD-2020 was drafted by a respected team of 12 lawyers who have both long standing skills and experience in the field of collaborative research and who work within research departments of DIGITALEUROPE Corporate Member Organizations and are hence close to day-to-day issues in such projects. In producing MCARD-2020, DIGITALEUROPE sought to preserve the best practices learnt throughout the last 3 Framework Programmes. As such, MCARD-2020 aims to ease the process of CA negotiations by adopting common practices of many stakeholders. It is important to note that similarly to its predecessor - the Integrated Project Consortium Agreement (IPCA) developed by DIGITALEUROPE for FP7 – MCARD-2020 offers a model which can be adapted to consortia in any scientific field, not just in the ICT domain.

The experience with the implementation of MCARD-2020 in H2020 are positive. Thanks to the clarity of its legal language, reflecting the clear choices made among others with respect to management structures, IPR and liability, the model is well accepted and not only by industry.

### Recommendation

DIGITALEUROPE emphasizes again its strong recommendation that the negotiation and establishment of the Consortium Agreement should be left to the contractual freedom of the Partners in the Action. Although it acknowledges that the Commission shall publish guidelines on the main issues that may be addressed by participants in the Consortium Agreement, DIGITALEUROPE believes that the Commission should refrain from endorsing specific model agreements or model clauses. Consortium partners should have full freedom to themselves determine which model and which contractual clauses best serve their interests and goals in the action.

## 8. Open Research Data Pilot

With the aim of enhancing collaborative research, Horizon 2020 has introduced a voluntary pilot for 'Open Access to Research Data'. Such instrument, it has been stated, is not supposed to influence the evaluation process. However, the procedure through which agreement is sought for the participation to the Pilot has created some doubts, and has led some consortia accepting it because of the concerned that a negative answer would impact their potential evaluation.

The fact that the formulation “If selected, all applicants will participate... Applicants have the possibility to opt out of this pilot and must indicate a reason for this choice. Participation in this Pilot does not constitute part of the evaluation process. Proposals will not be evaluated favourably because they are part of the Pilot and will not be penalised for opting out of the Pilot” appeared to the participants only at the moment of proposal submission created issues and lack of clarity.

### Recommendations

In future calls, the participation to the Pilot should be disconnected from the proposals submission and discussed only with the proposals selected for contractualization. Granting Open Access to research data should also remain optional in WP2016-17 and should not become mandatory. The annotated Model Grant Agreement could also be improved by providing more explanation regarding the possibilities offered by article 43 (Exploitation and dissemination of results) of the Rules for Participation, but not repeated in article 29.3 (Open access to research data) of the Model Grant Agreement.

## 9. Synergies with Structural Funds

Whereas DIGITALEUROPE welcomes the strong focus on innovation in the European Structural and Investment Funds (ESIF) and the synergies foreseen with H2020, it is concerned about suggestions for combining these two different sources of funding at the level of an individual project. Indeed, (1) forced synergy in the form of combined project funding from H2020 and ESIF would become very complicated in practice and would annihilate the simplification achieved in H2020 and (2) the availability of ESIF funding is too unevenly distributed over Member States, making synergy at project level de facto nearly impossible in part of them. Furthermore, co-financing H2020 projects is not foreseen in many/most of the regional Operational Programmes for the ESIF in the 2014-2020 period.

## Recommendations

Therefore, instead of trying to achieve synergies at the level of individual projects, synergies between H2020 and ESIF should be sought at programmatic/strategic level. This could be achieved for instance by using ESIF funding for capacity building upstream of a H2020 project or by using ESIF downstream for valorization/implementation of the results of a H2020 project.

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## ABOUT DIGITALEUROPE

**DIGITALEUROPE** represents the digital technology industry in Europe. Our members include some of the world's largest IT, telecoms and consumer electronics companies and national associations from every part of Europe. DIGITALEUROPE wants European businesses and citizens to benefit fully from digital technologies and for Europe to grow, attract and sustain the world's best digital technology companies.

**DIGITALEUROPE** ensures industry participation in the development and implementation of EU policies. DIGITALEUROPE's members include 58 corporate members and 37 national trade associations from across Europe. Our website provides further information on our recent news and activities: <http://www.digitaleurope.org>

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