

## Israel Position on the 9<sup>th</sup> European Union Framework Programme for Research & Innovation

Israel is a strong advocate for the importance of public funding for research and innovation. Research and Innovation is vital for the advancement and wellbeing of modern societies and is of crucial importance to overcome market failures and to incentivise and mobilise additional private investment. Research and Innovation is a key factor for enabling prosperous societies to improve their standard of living.

Israel has participated in the European Union Framework Programme as an associated country for over 20 years. Its participation across the years has yielded benefits for both sides and demonstrated the importance of international cooperation.

This paper presents Israel's views and recommendations towards the upcoming 9<sup>th</sup> European Union Framework Programme for Research and Innovation.

### Guiding Principles:

1. **Excellence** should be maintained as the key principle for evaluation and for awarding funding.
2. **Collaboration** should be enhanced.
3. A **bottom-up approach** should be implemented as much as possible.
4. The programme focus should remain **civilian**.
5. **Transparency** should be increased throughout the various funding mechanisms of the Framework programme.

## Strengthening Innovation

Israel supports the establishment of the EIC as a guiding body that oversees all aspects of industrial and business innovation with a holistic approach. The EIC should act to harness appropriate tools to incentivise entrepreneurship, breakthrough innovation in SME's as well as innovation in large companies and link relevant players to enhance the innovative eco-system.

- **Supporting SMEs** is critical for achieving breakthrough innovation in all fields. The flexibility of SMEs to innovate, their overall greater agility in comparison with larger companies and their frequent expertise in a narrow field makes them more likely to take the risks needed to develop disruptive breakthrough technology.
- In parallel, **incentivising large companies** to innovate and to increase their interaction with the innovative community is an important step to ensure the faster adoption of innovation in the marketplace. FP9 needs to develop creative models that encourage large companies to advance internal innovation and increase active involvement in building ecosystems of innovative companies. FP9 should also extend incentives to large companies to encourage them to test the technologies of young enterprises and support them in advancing the usability of their technology.
- A more **holistic approach** should be implemented throughout FP9 that considers the potential life cycle of a single idea up to its implementation and market adoption. FP9 should provide the necessary support to enable an idea to be initiated, developed, transferred, adopted, piloted and implemented in the market. As part of this holistic approach FP9 should also support higher TRL projects, including the piloting phase of successful technological developments.
- Israel advocates a **'bottom-up' approach** as much as possible. The 'bottom-up' approach allows for the development of creative out of the box solutions that are not prescribed by pre-known paradigms. It is suggested to devote a part of the calls for proposals in each work programme to bottom-up topics.
- **Rationalisation** of funding programmes is critical in order to advance industrial participation in the programme. The current overlap between numerous funding programmes, grants and objectives forces companies to spend a great deal of time, money and energy preparing applications and documents according to multiple different specifications.
- **Excellence should be maintained as the key principle for evaluation.** Economic impact is an important factor but is more difficult to evaluate, particularly since it is liable to be viewed differently by different bodies, and risks leading to an ineffective "PR contest" which displaces excellence in innovation. If the evaluation is driven by impact, business plans are designed to demonstrate the likelihood of market success.

However, technological innovations in particular are difficult to predict in terms of market success, since they are by their nature bold, disruptive and innovative.

- Advancing **blended financing** tools will permit companies to access the form of funding which is the most appropriate for their needs at every given stage of development. In more advanced stages a company may be better served by funding tools that do not dilute the company, such as conditional loans.
- A **mission oriented approach** is a top down approach which has the risk of dedicating a lot of resources in solely one direction. For this reason it is Israel's position that the European Commission should approach the Missions as a pilot phase in order to check the effectiveness of the tool. This means assigning a defined budget for a certain number of projects, while concurrently assessing the effectiveness of such an approach. A mechanism should be put in place to continually examine the progress of every mission and allow changes if necessary.
- Israel firmly agrees with the Lamy report that FP9 should remain **civilian in focus**. One of the greatest strengths of the European Union Framework Programmes has been their focus on and investment in purely civilian innovation, which has many more opportunities for international collaboration.

## Suggested measures to deal with the low success rate and attractiveness of the programme for industrial beneficiaries

One of the major obstacles to the participation of companies in the programme relates to the low success rate. In order to increase the attractiveness of the programme we recommend the following steps:

- **Lowering the funding rate** for a company will help to build stronger companies due to the fact that they will need to find matching funds. It will also help raise the success rate and enable the allocation of resources to additional companies. In cases of disruptive high risk technologies in young SMEs, a higher funding rate could be considered.
- **Complementary funding** - FP9 should evaluate the attraction that companies have with leading and strategic investors. Complementary funding should derive from sources that are able to lead companies towards creating ecosystems for innovation, through the involvement of relevant seasoned investors and strategic partners.
- **Openness to proposals from small consortia with fewer participants.** Since it is not always possible to create a truly equal playing field between applicants that differ greatly in size, FP9 needs to include a system that can weigh up the virtues of applicants of all sizes and sectors.
- **Openness to short-term consortia.** From time to time short-term projects can achieve defined goals quickly and effectively.

## Enhancing Academic Excellence and Transfer of Knowledge between Academia and Industry

FP9 should encourage and aspire to increase multidisciplinary academic participation by including the entire value chain of academic research.

### ERC

- Israel supports **strengthening the role of the ERC** as a flagship programme to advance basic scientific research.
- Israel welcomes the **ERC Proof of Concept programme** and encourages the ERC to continue the programme and possibly expand it in order to accommodate the extremely high demand.
- Higher **transparency** should be implemented, for example by sharing input from the evaluation panels, especially for applications that were rejected and the reasons behind the decision are not always clear.
- ERC projects might be considered as source of **inspiration for innovative ideas and concepts** for thematic topics.

### MSCA

- Budget constraints have reduced the success of more “popular” actions such as Innovative Training Networks (ITN) and Individual Fellowships (IF). **Further thought** should be given to the objectives of each action, the budget allocation for each action and budget-eligible costs in each action, so as to maximise the innovation opportunities of the European research community.
- **FP7 Reintegration Fellowships** should be reintroduced. They were an effective tool to combat European brain drain and assist researchers in the early stages of their independent career.

### Social Sciences, Art and the Humanities

- SSAH should be addressed by **a dedicated, unique programme**.
- On top of the above, SSAH should be **more strongly embedded into FP9 programmes**. A variety of SSAH disciplines covering a few different topics should be implemented into every call for proposals by each programme, so as to provide more opportunities for a wider range of stakeholders to apply for funding.

## General Recommendations

1. **Duplication** is a persistent problem within the EU. Steps must be taken to eliminate internal duplications within programmes so as to create a more streamlined and agile programme. Concurrently, it will be necessary to reduce external duplication with other EU programmes as much as possible. FP9 must define more clearly and, in a holistic way, the respective areas of responsibility of each sector and coordinate those areas that overlap so as to establish collaborative efficiency rather than redundant replication.
2. **Programmes managed by executive agencies.** The Commission should make sure that funding that is outsourced to external agencies is managed according to the same rules of participation as that which is managed by the European Commission itself. Calls for proposals should be publicised and managed in a transparent manner. The European Commission should make sure that each agency applies the same rules and evaluation processes.
3. **Calls for proposals should be better defined and outlined more clearly.** Unambiguous project goals will help all parties save effort and costs by ensuring that the relevant research communities identify the best opportunities in the European Union Framework Programme and avoid submitting to less relevant topics.
4. The influence and the lack of transparency regarding the activities of the **Technological Platforms** and their impact on the contents and results of the Horizon 2020 calls should be minimised. They should function as advisory and guiding bodies only.
5. Measures should be evaluated and implemented to **reduce administrative burden** while maintaining transparency and accountability in conduct and in auditing of the projects.
6. **Bulk sum** awards will enable flexibility and competitive development, particularly in the bottom-up scientific excellence programmes.
7. **Providing transparent, detailed and well justified ESRs** will enable applicants to further understand the reasons for rejection and act faster to increase their chances of success in the future. It further increases the likelihood of a successful follow-up application from the same applicant, which could be far more effective than another new application.
8. **Improving the redress procedure.** Currently the redress procedure is lengthy - around five months or more - and is plagued with poor communication and dense jargon-filled sentences that are difficult to understand. Unsurprisingly, many consortia choose not to seek redress even if they believe that their application was misunderstood, which leaves many potentially successful innovations by the wayside.

It is of the utmost importance to improve this procedure so that the applicants are provided with full information and well-justified arguments in a transparent manner.

9. It is extremely important to maintain **evaluation panels** that are as inclusive and equal as possible and to make sure that there is a balance and representation from all geographies, sectors and genders.
10. **The Annotated Grant Agreement** has become long and complex over the course of the H2020 Framework Programme, hence making it a hard task to provide consistent solutions along the life cycle of the project.
11. Strengthening the **Participant Portal** as the main platform for engagement to all programmes, partner search etc. We encourage the Participant Portal team to routinely use "heavy users" as a focus group, as was tested at the beginning of Horizon 2020.
12. A strong **informing and sharing** mechanism should be kept via the programme committees and the NCP networks.
13. All **intellectual property** that is created through FP9, whether by member state or associated countries should be accredited with the same impact without discrimination between member states and associated countries.
14. **Gender** issues and gender mainstreaming should continue to be treated as standalone policy priority. In both issues of human resources and responsible research and innovation, Horizon 2020 gender-related provisions should continue and be reinforced. In both fields, there should be emphasis on evidence-based policy.