

Science Europe Statement on the use of EU Research Funds to Finance the European Fund for Strategic Investments (19 March 2015)

In December 2014 Science Europe issued a strong warning against cutting funding for Horizon 2020 in order to finance the European Fund for Strategic Investments (EFSI), stressing that diversion of resources away from research would undermine Europe's capacity to secure long-term investment in excellent research and to innovate. Unfortunately, three months on, the threat of cuts to the EU research budget is more imminent and Science Europe therefore urgently calls for assertive action to avoid this.

Science Europe strongly supports the growing number of calls from the scientific community – including from its own Member Organisations – to preserve Horizon 2020, and in particular European Research Council (ERC), budgets.

Horizon 2020 funds are in very high demand, with over 45,000 applications in the 14 months since the launch of the programme. The selection of the proposals is highly competitive; indeed, on average only 14% of applications are awarded funding. Despite the high degree of competition and relatively low success rates, the programme is extremely attractive – not least to partners from the private sector, both large industry and SMEs. Crucially, because Horizon 2020 funding is allocated through grants awarded on the basis of robust evaluation of the scientific quality of proposals, it allows both public and private sectors to enter the European scientific competition and collaboration space.

EFSI, on the other hand, is not designed to allow for this. In fact, because it is based on a system of loans, most public research entities will be unable to participate in EFSI projects. This means that the funds diverted from the highly-successful Horizon 2020 to EFSI amount to a net reduction in European investment in research and innovation. The kind of research and innovation projects funded by Horizon 2020 will not be compensated by EFSI projects; claiming the opposite is a severe error in calculation. It is essential to recognise that long-term basic research projects, which are dependent on public funding, will not be compensated through private investment, however much of it is leveraged through EFSI.

As a consequence, the funding model which is currently proposed for EFSI, with €2.7 billion coming from the Horizon 2020 budget, is a net loss to the European Research Area that will result in:

- Europe finding itself with fewer capabilities to perform excellent research and address societal challenges;
- Europe becoming a less attractive place for top researchers, who are already highly mobile in a very competitive world, as well as less attractive for innovative industry sectors which rely heavily on the local availability of knowledge and skills; and

- Europe being perceived as a region in which it is acceptable to divert funding that was allocated to research, as previously agreed by Member States, to other areas. This is a serious implication as it suggests that Europe is not fully committed to exploiting the full potential of scientific research – something that is essential in a knowledge-based society.

Science Europe therefore calls:

- On decision makers of the European Parliament and Council to reverse all proposed budget cuts to Horizon 2020 and find alternative funding models for EFSI that do not include Horizon 2020 funds. Alternatives have been proposed by several members of European Parliament committees and these deserve serious consideration.
- On national and European leaders to ensure that whatever return on investment EFSI yields in future years, it needs to be channelled back to the knowledge sector:
 - a) In the short term, by ensuring that EFSI project selection is based on rigorous evaluations of the projects, that selection criteria require projects to have clear research relevance, that public research institutions can participate in EFSI, and that EFSI governance and selection committees include research and innovation experts as full members;
 - b) In the mid-term, by ensuring that the 2016 mid-term review of the Multiannual Financial Framework increases the budget available for Horizon 2020 in its final three years; and
 - c) In the long term, and sustainably, in the form of spending increases for basic research, so as to finally achieve minimal spending targets in science and research.
- And finally, on European policy makers, civil society and citizens to make sure that in Europe research spending is not treated as a pot that can be dipped into should another area be short of funding. Science should be protected as Europe's most valuable resource, and its best prospect for future growth and prosperity.

About Science Europe:

Science Europe is an association of major European research funding and research performing organisations in 27 countries, established in 2011 to promote the collective interest of its members and to foster collaboration between them. For more information, see www.scienceeurope.org.

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