



Informal meeting of the Ministers responsible for Competitiveness (Research), 25 July, Tallinn

Session 1: The impact and value of research: providing rationale for investing in R&I (an exchange of views)

I OBJECTIVE OF THE MEETING

In the midst of the debate on the future of the EU, the goal of the Presidency is to build a case for supporting ambitious investments in research and innovation (R&I) at national and EU level. To achieve this, we want to build a stronger narrative on the broad impact and societal value of investing in R&I that would speak to a wider audience at the EU and national level. In this discussion, we need to address both the volume of the budget and R&I policies.

In the context of the debates on the future EU budget, we need stronger and better arguments to overcome the underfunding of the European R&I. There have been diverse efforts to measure the economic impact of R&I, and we have plenty of evidence that investments in R&I have a very high rate of return. The contribution of R&I to the wider social goals and the quality of life is at least as important but more difficult to quantify. We must translate this knowledge into convincing arguments why the Member States and the EU need to invest in R&I more than until now.

Now is the time to discuss the key features to maximize impact of Framework Programmes. In view of the results of the interim evaluation of Horizon 2020, [report from the High Level Group](#) on maximizing the impact of EU R&I Programmes (the “Lamy Group”), the [report of the European Parliament](#), and input from a wide range of stakeholders, the Council must give strong messages on how to ensure a robust programme with high impact in the next EU Multiannual Financial Framework (MFF).

II STRUCTURE OF THE DISCUSSION AND QUESTIONS

In the beginning of the session, Mr Pascal Lamy, the chair of the “Lamy Group”, will outline the necessary steps at EU level to increase impact based on the findings of the group, and Professor Heikki Mannila, President of the Academy of Finland will speak about impact assessment at national level. Following the presentations, the Presidency invites the Ministers to debate on the following questions:

Question 1: What would be the best new arguments to make a stronger case for R&I investments at EU and national level?

Based on the Ministers’ own experience, we are looking for concrete suggestions on how to build a stronger case for investing in R&I.

Question 2: What are the three main changes that should be introduced in the next Framework Programme to maximize impact?

To increase the share of research and innovation funding in the next MFF, we need to be clear what needs to be improved in the programme to achieve higher impact.

III BACKGROUND

Rationale for investing in R&I

The EU has set an R&I intensity target of 3% for 2020. The funding for research and innovation has steadily increased at national and EU level, but Europe has remained far from achieving its goal. However, the ambition is still there. For example, the 2016 [Monti report](#) on future financing of the EU states that research and innovation should be "one of the essential policy priorities in the future". The European Parliament report on the interim evaluation of Horizon 2020 and on the preparations of the future Framework Programme echoes this view by calling for even more ambitious targets for R&I investments in the future than the current goal of 3% of GDP.

When discussing how to persuade politicians to prioritise R&I investments in budgetary policy, it is important to take a broader and more inclusive approach to 'research impact,' to better demonstrate and communicate its value, and create favourable conditions for making this value visible.

Numerous studies have demonstrated high rates of return on R&I investments. The European Commission study "The Economic Rationale for Public R&I Funding and its Impact" showed that an increase in R&D investment by 0.2% of GDP would result in an increase of GDP by 1.1%, i.e. an increase five times bigger in absolute terms. While debates on the economic impact of research are necessary, it is important to acknowledge that these do not capture the full value of research. Research impact and value do not mean only immediate gains, as often the impact is a result of numerous consecutive studies, where practical applications are foreseen only in the mid to longer term. Any consideration of impact has to take into account also multiple feedback loops that exist between basic and applied research and between public and private R&D in innovation process.

Maximizing the impact of the Framework Programme

The results of the **interim evaluation of Horizon 2020** as well as the recently released report from the "Lamy Group" will enable the Ministers responsible for research to make a strong case for promoting policies that support increased impact. The [key findings from the Horizon 2020 interim evaluation](#) show that it is highly relevant and there has been a good progress in achieving its goals, in particular in closing the innovation gap and maintaining industrial leadership. The additionality of Horizon 2020 is strong – support is given to fund distinctive projects, which are unlike those funded at national or regional level. More than FP7, Horizon 2020 succeeds in attracting and involving the private sector. A majority of stakeholders (64.7%) agreed that Horizon 2020 is making progress towards delivering scientific impacts through the reinforcement of research and innovation capabilities, scientific excellence and reputation and through the integration of research and innovation efforts, helping spread excellence and widen participation. However, there is still room for improvement, for instance in fostering stronger links in the co-creation of solutions for policy-issues, increasing synergies with other EU programmes or supporting breakthrough innovation. Horizon 2020 suffers from underfunding resulting in large-scale oversubscription, much larger than under FP7, which constitutes a waste of resources for applicants and a loss of high quality research for Europe.

The **European Parliament's** report raises a number of observations, relating to the need for synergies between R&I, Structural Funds and Education, reaching an appropriate balance between R&I, and bridging the participation gap.

The "**Lamy group**" makes eleven recommendations aimed at maximizing the impact of future EU research and innovation programmes.