Presidents,

Ladies and Gentlemen,

Good Afternoon,

EU Innovation is our means of tackling the major societal challenges that we face. A successful innovation policy is one that brings together all the relevant players. The investment in knowledge will be increasingly organized around grand challenges, pooling together the wide spectrum of research, education, business and government actors which are needed to cover the needed range of skills. Investment in knowledge and reforms to foster
technological progress, research, innovation, education and training, are essential to foster prosperity, growth and jobs in the medium to long run.

Today in the first part of my presentation I will give my vision on how innovation can help Europe to face the challenges ahead. The second part of my talk is dedicated to the simplification of the Framework Program rules, as I was recently appointed as rapporteur of this report.

Europe faces great challenges such as: financial crisis; Environment/Climate Change/Energy security; and Demography. If traditional challenges were demanding us to invest in knowledge to be more competitive, the new ones are demanding us to do so also in order to preserve our society the way we know it. Therefore, some of the most important social challenges will require radical innovation. It is fundamental to shift from the technological paradigm towards one capable of delivering public value through collaboration, innovation and participation.
Struggling against new risks or inequity requires innovative initiatives in social fields not only in applying new technology but also in proposing innovative organization. We should move from technical innovation to social innovation, public services innovation and regional innovation; While we used to evaluate the outcome of a research endeavor in terms of the immediate technology developed, we will increasingly move this line towards innovation; that is, the capacity to generate a tangible social and economic benefit. To increase the capacity of research organizations to address relevant social and economic concerns, representatives from the business and social world should be involved in the governance bodies of the institutions.

Science and innovation cannot be performed in isolation. The fifth freedom enables collaboration and strengthens the community allowing researchers, knowledge and technologies to circulate freely. A first recent growing trend
is the one to broaden the scope and heterogeneity of a research and technological endeavor. Traditionally, funding was oriented towards projects, whereby teams of individuals and organizations where asked to develop a particular technology, often in the form of a demonstrator. Connected to this, the usual life span of funding was rather short termed and it pulled together a limited number of organizations; following the experience of, for example, the Technology Platforms, with the Joint Technology Initiatives we started to broaden these boundaries. These initiatives are now asked to define and implement a research and technology program which encompasses several technologies and their interdependencies. Related to this, the time frame and the scale of the partnership involved grew significantly. But the same goes for a better interaction between the academic and business world. If we want researchers to be involved in business experiences these should be somehow recognized as a valuable asset in their CVs.
Europe should spend more on research, education and innovation. The long term nature of reforms and investment in research, innovation, education and lifelong learning means that decisions taken in the coming months and years will determine Europe's future ability to maintain its social model and take advantage of the next economic upturn. Following this trend, we might expect that an increasing proportion of resources will be prioritized and managed by the same stakeholders who have a deeper understanding of the research challenges and, thus, can ensure a more effective and targeted allocation of research funds. As there is scarcity of public funding, measures to incentivate private financing: fiscal measures, venture capital, private co-financing.

In order to avoid fragmentation, more coordination in R&D and Innovation in Europe is required. An ambitious new approach for making better use of Europe's limited public R&D funds is through enhanced cooperation using "joint
programming". Countering the compartmentalization of the ERA in 27+EU research areas would increase the impact of public investment in R&D. In the EU, joint programming counts for only 10 to 15% of public R&D funding, whereas in the US it counts for about 85-90%. The pooling of Member States resources to finance large scale infrastructures will allow us to achieve the critical mass and impact which are necessary to tackle the major societal challenges.

One of the main barriers to innovation is bureaucracy. It is urgent to create a culture of simplification and trust in EU research funding. I welcome the communication of the Commission for which I was nominated rapporteur, as a member of the ITRE - Industry, Research and Energy Committee on "Simplifying the implementation of the Research Framework Programmes".

The commission report allows for the establishment of priorities and gives a clear step by step approach to dealing with the problem.

Let me give you a brief outline of key points:
There are three levels of simplification.

1) Firstly, simplification within the current rules.

2) Secondly, adapting the rules in line with the current cost base system.

3) Thirdly, a possible future simplification. This involves a more radical overhaul of the rules.

The main criticisms concern two main aspects:

The relation of the proposed changes to the existing financial regulations is unclear. Let me explain, some of these measures require changes in the financial regulation, others change in the rules for participation, and some in both and some rules do not require any changes.

Secondly, I am concerned about the link between funding and results. I appreciate the openness of the European Commission to reconsider the funding rules of its research programs. However, I believe that changes are to be considered carefully and thoughtfully, taking into account not only financial and administrative motives and consequences for beneficiaries, but also the possible impact on quality of research and innovation itself. I am concerned that the option for result-based funding might result in less risky projects and more close to market research.
I would like to present the main ideas and the proposals that I feel represent the best way of proceeding.

1) Instead of a result based approach, I would propose a science-based funding system with a simplification of the control of the financial side and an emphasis on the scientific-technical side and peer review based on excellence. Research activities should be based on the acceptance of the best effort to do the scientific work and not on outputs or results.

2) The reduction of the complexity of the EU research funding landscape would constitute a major source of simplification. The European Parliament, in its discharge resolution for 2007, drew attention to the increase in diversity it also called for an assessment of the problems for the beneficiaries, including lack of transparency.

3) It is necessary to stipulate for each measure whether a change in the financial regulation or in the rules for participants is required or not and if the measure would be applied to FP7 or only to the FP8. For FP7, I would be in favor of phasing these changes in gradually. We must avoid sudden drastic changes in direction within the same framework program.
4) Harmonization of the rules and procedures across all mechanism – The same set of rules, procedures and legal provisions should be used for programs like ERA-net, Article 185, Joint Technology Initiatives and the “traditional schemes” of the FP. The implementation of the rules across the 4 European Commission Directorates-General and Agencies as well as the Joint Undertakings implementing the JTIs should be uniform. However, we should have a set of rules for research centers and universities, a set of rules for industry and a set of rules for SMEs.

5) Simplification of the financial accountability requirements: a more trust-based and risk-tolerant approach in European research funding; acceptance of the usual accounting and management principles and practices of the beneficiary; acceptance of audits and certificates on the methodology provided by national authorities.

6) Improvement of access to the program and user support: improvement of the guidance material (less jargon; consistency of the terminology); optimization of the IT-systems supporting project management; personalized support by the EU Project Officer (keep the same project officer throughout the lifetime of the project).
7) Faster execution and optimized timing of deadlines: better timing of the call publication; earlier access to draft Work Programs; reduce the time to grant and to pay.

So to conclude, European research programs should be governed by a spirit of confidence and trust in science and industry and their inventive and innovative capacities. A better balance between trust and control and between risk taking and risk avoidance is required, while ensuring sound financial management. We need a new evaluation culture which requires a trust-based partnership among all the partners in order to strengthen Europe in making it an attractive working place.