

**Simplify or die ...**

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# **FP7 ICT Interim Evaluation**

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# FP7 ICT Interim Evaluation Context

- Input to Interim Evaluation of FP7 as a whole
  - Guidance and steering to final part of FP7
  - Input to design of any successor programme
- Builds on FP6 evaluation (Aho report)
- Issues:

- Quality of research
  - Is FP7-ICT doing the right kind of research?
  - Does it mobilise the best people (Europe / worldwide)?
- Progress towards objectives
  - ERA? Innovation? Knowledge triangle?
  - EU policy goals?
- Quality of implementation; simplification
  - WP formulation? Mix of instruments?
  - Budgetary impact of Rules of Participation?
  - Trust-based relationship?

# Panel members

<b>Alain Bravo</b> (chair)	FR	SUPÉLEC, Alcatel
<b>Hartmut Raffler</b>	DE	Siemens AG
<b>Steve Wright</b>	UK	British Telecom
<b>Gonzalo Leon</b>	ES	Polytechnic University of Madrid, Sec. State Research
<b>Staffan Truvé</b>	SE	Swedish Institute of Computer Science, Venture Capital
<b>Tertuu Luukkonen</b>	FI	Research Institute of the Finnish Economy, Evaluation of public policies
<b>Ziga Turk</b>	SL	University of Ljubljana, Gov't of Slovenia

# Sources of evidence

- FP7-ICT information
  - Work-programmes
  - Implementation indicators (Success rate, TTG, TTP, etc.)
- FP7-ICT Self-assessment
  - Challenges (technology, societal)
  - Breakdown of funding / area
- Survey + interviews of participants
  - Nature of the projects,
  - Perceptions and expectations of participants
  - Issues / barriers
- Specific studies
  - Portfolio of participants (IPPA)
  - Non-retained proposals
  - Patents and publications
  - ...

# Conclusions and recommendations (summary)

- ICT programme is
  - Relevant
  - Solid and largely well implemented character
- Progress at FP level on many issues in Aho is modest
- Backwards progress on simplification
  - " ... *not 'merely' a matter of imperfect implementation ... an existential challenge to the Programme itself*"
- 11 Recommendations:
  - To strengthen European ICT research in a globalising world
  - To exploit the pervasiveness of ICT via integrated policies
  - To improve risk sharing (*"simplification"*)

# Conclusions and recommendations (1/3)

## Strengthening European ICT research in a globalising world

- **Continue with ICT in FP8 in a further strengthened form**
  - flexibility and interdisciplinarity are needed to support dynamic and radical ICT innovation
- **Continue to build ERA combining national and European programmes** (but)
  - **clarify** (fit for purpose) of **portfolio of instruments** and
  - **address issues of dual management**
- **Ensure balance between consensus-based R&D and longer term**
  - **expand** (FP7) and **extend FET** (FP8)
- Keep extending **global reach of FP7-ICT**
  - taking into account characteristics and capabilities of various parts of the world
  - **more proactive policy and EU presence** in **pre-normalisation** and **standardisation**

## A strong 'core' of participants involved in successive FPs

- Includes ~70% of the Higher Education participants and ~50% of the Research Institutes and Large Enterprises
- Allows for the creation of critical mass in specific S&T fields at European level and for stability over time
- Greatly increases the likelihood that results will be implemented
- Fosters an ongoing strengthening and expansion of strategic R&D partnerships
- Constitutes the backbone also for the research in the new initiatives & the ETPs
- Represents the established, major stakeholders on the European stage – the 'usual suspects'

Constitutes a risk for lock-in

→ **Need for countervailing activities that can unseat the established players & unleash the development of new industries**

# Conclusions and recommendations (3/3)

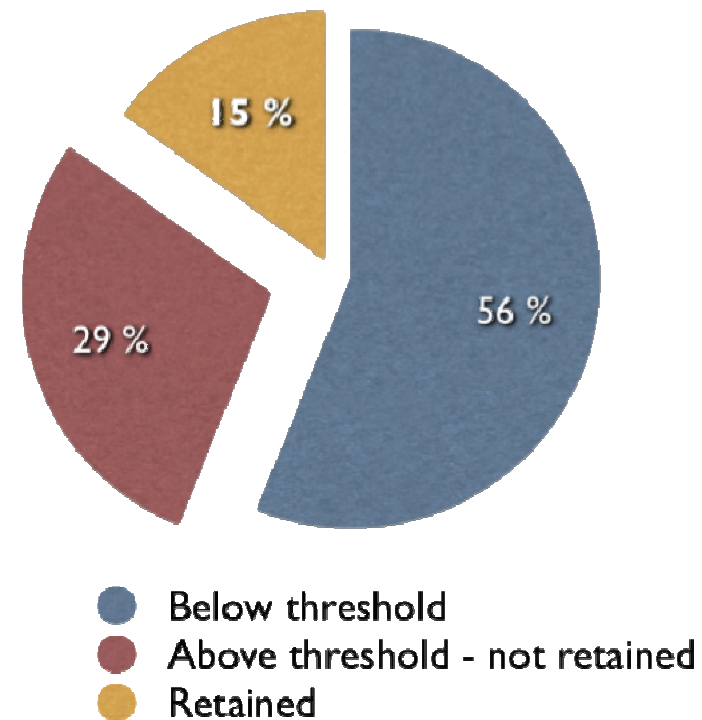
## Sharing risk ...

- to ensure **participation of key European players** and attract global participants, **EC must:**
  - reduce damaging administrative burden and arbitrariness of auditing practice
  - radically overhaul the financial regulations ensuring the principle of shared risk and mutual trust
- to **increase SME participation:**
  - simplify and reduce the burdens of their participation with a **lightweight form of subcontracting or associate partnership**
- To **reduce the waste of effort in proposal writing:**
  - test a more sophisticated **2-stage application process** with proposals going into **2<sup>nd</sup> stage** having **30-50% chance of funding**



## FP7-ICT calls 1-3: success rate

- 3,564 proposals
- 1957 below threshold
- only 538 retained
- For some objectives success rate < 10%



# Efforts to reduce red tape in FP7 ICT

- The Electronic Proposal Submission System (EPSS) streamlining the process of submission
- The Unique Registration Facility (URF) – one-time registration for multiple proposals
- No more ex-ante financial viability checks for EC funding lower than €500K (80% of the participations)
- No more audit certificates for cumulative funding of under €375,000 (65% of the participations)
- Electronic reporting tools reduce the burden for coordinators and participants

# Complexity of rules and interpretations

- The concept of "*actual costs incurred*" according to participants' usual accounting principles & their usual management practices
- The more extended use of *flat-rate financing* within a simplified framework of forms (implemented for some Co-ordination/Support Actions & NoEs – but in a limited manner)
- The simplified definition of *eligible costs* (variations between different parts of the Commission in how the definitions are applied)
- Different interpretations of the *auditing rules*, within DG Infso, between DGs and also between the Project Officers and the financial authorities

# “Simplification”

*“ ... not 'merely' a matter of imperfect implementation ... an existential challenge to the Programme itself”*

- The approach to management of financial risk goes far beyond what is consistent with sound management of Community resources and does not take into account the intrinsically uncertain nature of RTD investments
- The culture of control and audit, taken together with the complexity of the rules leads to potential for misunderstandings and inconsistencies of interpretation - often not discovered until after the fact
- Even where the Framework Programme and DG INFSO have taken steps with a view to simplification and reduction of burdens, these have been stifled by the overarching EC Financial Regulation and how this is interpreted.

# General insight ...

## ... personal view

*" ... not 'merely' a matter of imperfect implementation ... an existential challenge to the Programme itself"*

- Major change needs political will
- Commission is good at consulting the "usual suspects", and they have excellent solutions
- Research AND Innovation
- BUT ... the innovation landscape is changing ("open innovation", outsourced innovation, vital role of SME)
- Innovation is often multi-disciplinary/sector
- Don't just fix the current system, make it match this future
  - Low overhead for SMEs
  - Flexible & dynamic
  - Fast response
- Some national programmes are MUCH better at this.