

(C) Main recommendations for improvements

(1) Improve the analysis of funds allocation and integrate the current allocation of funds in the baseline scenario. The report should integrate an assessment of the effectiveness and efficiency of the current allocation of funds translated along the lines of the "three complementary and interlinked pillars: (1) Excellence in the science base; (2) Tackling societal challenges; (3) Creating industrial leadership and competitive frameworks" in the baseline scenario. The problem definition should clearly address in which sense the current allocation does not adequately address the challenges. It should further clarify the link with the parallel IA on Rules for Participation, and explain how consistency has been ensured with the discussion on eligibility criteria and other conditionality provisions for participation analysed in that report. The report should clarify the links with other policies and innovation-related programmes and spending in the context of MFF (like regional/rural development policy and structural funds), and with existing programmes on Research and Innovation at Member State level.

(2) Clarify the intervention logic. The report should provide a more structured presentation of the causal links between problems and problem drivers, and show to which extent the proposed options can be expected to address them. The report should for instance explain why moving to 6 "societal challenges" (which in some cases cover multiple dimensions and address a very wide range of societal challenges), would constitute significant progress compared to the current setting. The report provides a set of general criteria used to select these priority challenges, but should better explain which challenges meet which criteria. It should indicate more systematically which FP7 priorities will be discontinued. The report should provide more concrete evidence that the new themes are indeed more specific and targeted, and should express the operational objectives in more concrete terms, also outlining what performance indicators will be used to measure progress.

(3) Present and assess alternative options for allocations of funds. In the presentation of Horizon 2020 the report should further differentiate options for allocation of the total budget envelope across the three pillars as well as constituting elements such as direct research, the innovation-related parts of the Entrepreneurship and Innovation Programme (EIP), ICT research, the successor to the Intelligent Energy Europe Programme (IEE), and research carried out under the Euratom treaty. In doing so the report should explain more systematically where it has been decided to concentrate and to spend less on certain priorities, the reprioritisation of objectives, and how these reflect lessons learned from the evaluation of the current programmes. All these options should be adequately discussed, including their disadvantages, and compared in terms of effectiveness, efficiency and coherence. The report should explain how the arguments provided for increased spending on different headings might translate into alternative allocations, and identify and analyse the expected impacts on different actors and potential participants in research and innovation activities, addressing in particular the impact of the various options in SME participation.

(4) Assess the impact of the global budget increase. The report should explain to which extent the 46% increase of total budgets under Horizon 2020 will adequately address the problems set out in the problem definition. It should provide adequate evidence and arguments that the 'innovation gap' in the EU is at least partly caused by a 'funding gap' across all pillars of these dimensions to better justify this significant extension.

(5) Clarify the contribution of innovative financing instruments. The report should be

more specific on the contribution that the introduction of innovative financing instruments is expected to make. It should not only list and describe the various funding tools, but discuss their relative importance in specific areas or for particular purposes, while identifying actors/sectors that will benefit from them and the expected impacts this should entail for them. It should further indicate how much budget should be allocated to these innovative financing instruments.

(6) Indicate how the ex-ante evaluation requirement will be met. The report should indicate more clearly in which form the ex-ante evaluation requirement in the Financial Regulation will be met. To the extent that this report should already fulfil that function, it should provide more detail on the cost-effectiveness of the various options, by providing a transparent presentation of their costs and expected benefits.

(D) Procedure and presentation

The problem definition should focus on topics that lie within the scope of this programme, while for other issues it could limit itself to references to existing policy documents and IAs in other policy areas. The report should be checked for correctness and relevance of references and for terminological consistency.

(E) IAB scrutiny process

Reference number	2010/RTD+/047,048,049,050
External expertise used	No
Date of IAB meeting	Written procedure. An earlier draft of this Impact Assessment was discussed with the Board on 7 September 2011