Introduction

The Netherlands aims at a modernised and a financially sustainable MFF, and is therefore in favour of a new MFF focusing more on (digital) innovation, research, climate and sustainability, themes with clear European Added Value.\(^1\) The greater focus on R&I should take shape through the MFF-and programme measures described below. The next EU R&I Framework Programme\(^2\) (FP9) should be strengthened and other related programmes need changes as well.

General view on the importance of Research and Innovation for Smart Growth

The Netherlands believes that investments in R&I for future European economic growth and investments addressing societal challenges (e.g. climate, energy, migration) are crucial for a strong and competitive Europe – these investments have a clear European Added Value. Europe’s competitors are increasing their investments in R&D (China and Singapore up to 20%). To remain competitive Europe should do the same. There is a serious risk that Europe’s relatively good position as a R&I location may deteriorate in the medium and longer term, if we do not take steps to ensure investments in R&I today.

The past and current Framework Programmes have proven to provide a strong contribution to Europe’s competitive position, investing in science, digitisation, innovation and stimulating European economic growth. Investments in R&I pre-eminently result in cross-border added value, positive spill-overs and economies of scale. Furthermore, scientific and societal challenges go across borders. Economies of scale are a necessity because a single EU Member State, individual public research organisations or business do not have capacity (e.g. staff and facilities) for large scale R&I programmes and the large potential of knowledge and partners available in Europe that should be tapped into. The public-private partnerships (i.e. Joint Technology Initiatives), for example, have potentially an huge impact but are expensive, require critical mass and simply cannot be realized by individual stakeholders on their own. The Framework Programme enhances cooperation between the best researchers and innovators, and the highest R&I quality is stimulated through strong open competition.

The actors should be equipped with up-to-date knowledge and have access to the best technologies, workforce and facilities. In addition, Europe should set the (ICT-)standards on digital technologies in order to facilitate innovation.

As a result of our investments Europe can develop scientifically, address the societal challenges and create economic opportunities for a strengthened global competitive position of the EU and create a prosperous future.

The Dutch government therefore calls upon the European Commission and Member States to take the following principles into account for our future Multiannual Financial Framework:

- A stronger budget focus on innovation and research would promote growth within the EU. This should be reflected in a stronger future Framework Programme, based on excellence and impact.

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\(^1\) A substantial share of the budget – 73% – is spent on ‘traditional’ policies, while only 13% is reserved for competitiveness.

\(^2\) As written down in the Netherlands’ position paper for the Midterm Review Horizon 2020: https://www.rijksoverheid.nl/documenten/rapporten/2017/02/03/the-netherlands-position-paper-on-the-interim-evaluation-of-horizon-2020-engels
• ESI funds should be targeted more at facilitating innovation and research. And better cooperation should be established between regional investments in innovation (ERDF) and the Framework Programme, increasing efficiency and effectiveness.

• Smart growth should also (continued to) be pursued via other programmes.

**Ways to achieve and strengthen the focus on Research and Innovation in the MFF for Smart Growth**

A strong and competitive Europe can be realised by developing a powerful R&I Framework Programme, with strong support of R&I in other parts of the MFF and supporting Europe’s ambition in terms of growth and addressing societal challenges.

*Continuation of a strong R&I Framework Programme*

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Horizon 2020 has proved to be a successful programme, but opportunities and challenges for next R&I Programmes remain, such as oversubscription\(^3\): A High Level Group (HLG) was asked by the European Commission to draw up a vision and strategic recommendations to maximise the impact of future EU research and innovation programmes.\(^4\) Main message, and vision, of the HLG is that investing in research and innovation is increasingly crucial for shaping a better European future in a rapidly globalising world. The Netherlands shares that opinion and calls for a stronger future Framework Programme.

There are new programmes and investments (e.a. defence research and space) proposed for the post 2020 period which demand a raise of the budget under article 1a of the MFF. The Framework Programme and the R&D landscape do not profit if a similar percentage of the overall MFF will be available for R&I after 2020. This way we can continue present work and ambitions, to uphold the competitive position of Europe.

The Netherlands believes that a strong R&I Framework Programme should consist of the following elements:

• *Keep, balance & better connect the current three-pillar structure.* Such a structure enables a valuable mix of different types of research and innovation, such as bottom-up excellent frontier-oriented research (e.g. the ERC), innovation and industrial leadership, and top-down mission-oriented research which provides answers to the current and future societal challenges. And thereby reinforce and feed into each other.

• *Excellence and impact should remain the two drivers.* These two drivers maximize the effect of investments and determine the success of the Framework Programme. By attracting top researchers & innovators and funding the strongest proposals and brightest ideas, Europe can compete internationally. These two leading principles should therefore not be compromised.

• *The right balance between the different types of research instruments covering the entire R&I value chain.* Different projects and/or research are in need of different types of instruments. Financial instruments should be available, matching the specific needs of these projects and attract different beneficiaries. In order to stimulate scale-ups and market creating innovation, bottom-up instruments are needed to create flexibility and sufficient room for experiments by innovators.

• *Involvement and inclusion of all relevant stakeholders of the R&D ecosystem.* A key asset of the Framework Programmes is the involvement of all stakeholders: universities, applied research institutes (RTO’s), public organisations and business -SMES and large corporations-.

\(^3\) Horizon 2020 suffers from large-scale oversubscription (success rate of 12,5 % against 18,4% in FP7). This means a waste of resources for applicants and increased costs of proposal evaluation

This involvement concerns both the design of the programme and the funding of research by stakeholders (e.g. public to public & public-private partnerships).

**Synergies between the Framework Programme, ESI-funds and EFSI**

Supporting synergies with other programmes, the Netherlands finds it important to keep the following in mind:

- **A coherent and consistent EU policy framework on societal challenges.** In particular, the R&I Framework Programme, the European Structural and Investments funds (ESI funds) and the European Fund for Strategic Investments (EFSI) should complement each other. Their strengths lie in their respective rationales, objectives and instruments. Clear mission-oriented objectives at the basis of the various programmes are important, focused on the most pressing societal challenges (e.g. climate and energy), advancing key enabling technologies and fostering a rich innovation and investment climate.

- **Ensure that structural funds stimulate the building of R&I capacity.** For Europe’s future it is crucial that less R&I intensive regions in Europe are increasing their capacity building in order to create a R&I foundation on which excellence and impact can flourish. The ESI funds should (continue to) do this (not the R&I Framework Programme). ESI funds could stimulate reforms of R&I on national, regional or institutional level in order to improve quality of R&I and leverage private investments.\(^5\) Better use of the Structural Funds by adjusting the rules to comply with rules (on state aid) of the Framework Programme must be achieved. State aid rules in the Structural Funds now hinder investments in R&I. In addition, all parties should strive to find, and connect to, the pockets of excellence that already exist.

**Pursuit of innovation and smart growth via other EU funded programmes**

The pursuit of innovation and smart growth also justifies continuous support for Erasmus+, space and other relevant financial instruments:

- The Erasmus+ programme is broadly perceived as an excellent example of an European programme with clear European added value (improvement of knowledge, skills and competences at the individual level and quality improvement at the institutional level). It contributes to the European strategic priorities and to European sustainable economic and societal growth. Therefore, it is essential that Erasmus+ will remain being reflected in a modern MFF.

- Space: The EU-programmes on earth observation (Copernicus), satellite navigation (Galileo + EGNOS) and security (among others, Space Surveillance and Tracking) are vital in view of R&I and should be maintained. Space -both in technology and in satellite data/data applications- has the ability to significantly contribute to tackling the societal challenges the EU is facing. Therefore it is important that space programmes are continued and remain part of a modern MFF.

- Financial instruments: financial instruments (e.g. COSME, Connecting Europe Facility InnovFin, EFSI, ESIF, VC fund-to-funds) contribute to R&I, complementary to grants. They provide leverage of public and private investments, but their impact on R&I could be improved. To enhance the operation of the instruments and their contribution to R&I, further synergies between the instruments, clarity regarding criteria and a greater risk acceptance is required.

- The Connecting Europe Facility can be better equipped to attain innovation objectives by broadening the scope of CEF. CEF should not only focus on digitisation service infrastructures and broadband networks, but also on developing and promoting the adaption of digital technologies by industries and public services.

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\(^5\) At project level, joint funding from different programmes should never be conditional.