



REPUBLIC OF CYPRUS

Position Paper of Cyprus

on the next EU Framework Programme for
Research and Innovation (FP9)

February 2018

Introduction

Undeniably, Research and Innovation (R&I) is a major driver for economic growth and prosperity. It provides the ground for the creation of new jobs, especially in knowledge and technology-intensive sectors and improves EU competitiveness vis-à-vis our global competitors. It also aims to address the challenges our society is facing. We should, therefore, strive to exploit to the maximum the potential of this sector in Europe. We should boost public investments while facilitating and leveraging private investments in R&I. However, at the same time, having in mind the strict fiscal constraints that still prevail in Europe, it is pertinent that we find the most efficient and affordable ways to utilize available funding. Each euro spent should be accounted for, while the economic, societal and scientific impact should be clearly communicated to all citizens across Europe.

Over the years, the EU Framework Programmes (FPs) have proved highly effective in boosting economic growth and attentive to the pressing needs and complex societal challenges. They also acted as the principal implementation instrument for the realisation of the European Research Area (ERA). Future FPs should continue to do so. The key characteristic of the FPs is the combination of scientific excellence and transnational and trans-sectoral cooperation. They bring together the best minds in Europe, to work together and exchange ideas and practices. FPs have the capacity to create a European ecosystem of high quality while bringing about important benefits for the national R&I systems in Europe.

This paper notes down the position of Cyprus on the 9th EU Framework Programme for R&I for the next programming period, post 2020. It takes into consideration previous national experience in FP7 and Horizon 2020 (H2020), the results of the ex-post evaluation of FP7 and the interim evaluation of H2020 and the recommendations of the 'Lamy group'. Most importantly, it takes duly into account the views of Cypriot stakeholders, as recorded in the context of the national stakeholders' consultation exercise that was conducted by the Directorate General for European Programmes, Coordination and Development (DG EPCD) between November 2017 and February 2018.

As a general comment, we believe that the current, **clear, targeted and highly successful structure of Horizon 2020 should be retained** for continuity and efficiency purposes.

1. Excellence

First and foremost, **excellence should remain the overarching principle for the next FP for R&I**. If Europe wants to become a global leader in R&I and compete with the best, then excellent cooperation projects should be funded; those with an evident European Added Value and a significant expected socioeconomic impact. There is no doubt that excellence can be found in every corner of Europe. Thus, **we need to be able to attract and motivate the best minds across Europe** and support them in creating collaboration networks so that they conduct high-quality research. Specific actions should be introduced to exploit this potential.

All actions under H2020 Pillar 1 should continue and receive additional financing in FP9.

In particular, Marie Skłodowska-Curie Actions (MSCA) have proved to be very successful. The bottom-up approach of these actions provides researchers with the much-needed flexibility to invest in their own areas of interest. At the same time, international mobility is supported, contributing to the acceleration of knowledge circulation and to the promotion of frontier research. To this end, **MSCA should continue in FP9 and we would like to see a substantial increase of its budget.** Moreover, the effectiveness of the MSCA could be further enhanced by achieving greater synergies with the successor of Erasmus+. Finally, we support the concept of the Widening Fellowships (WF), currently operating as a pilot under H2020 Work Programme (WP) 2018-2020 – Spreading Excellence and Widening Participation programme - and believe that WF should be included and expanded in FP9.

The **European Research Council (ERC)** has an international reputation of high value and is considered an important building block for the realisation of the ERA. We consider it an effective bottom-up instrument promoting frontier research through an interdisciplinary approach. It seems that the oversubscription and low success rates problem, caused by the high demand, is particularly evident for the ERC. **We are in favour of securing its continuation in FP9 and increasing its dedicated budget** to be able to finance more proposals assessed as excellent by prestigious peer reviews. Moreover, Cyprus believes there is a **need to attract high-quality/high-calibre scientists from less-intensive R&I MS with relatively low involvement in the Programme.** It is important to take advantage of scientific talent across Europe, while respecting the principle of excellence.

Research Infrastructures (RIs) are essential for boosting the quality of R&I and facilitating training and mobility of researchers. **Support to key infrastructures and the facilitation of access especially for small players (including Members States, SMEs etc.) are of utmost importance for FP9.** It is, therefore, important to continue promoting Coordination and Support Actions (training, networking etc.) aiming to foster collaboration of research infrastructures with research institutes and the scientific and academic community. In this context, the work of the European Strategy Forum on Research Infrastructure (ESFRI) is highly relevant and thus ESFRI RIs should continue to be supported.

The rationale and actions of the FET Programme in Horizon 2020 are deemed significant in funding cutting-edge research for the challenges of the future. Nevertheless, oversubscription and low success rates are indicative of the **need to make calls more specific** as to what will in fact be funded, particularly **regarding the FET Open and FET Proactive schemes.** As far as the **FET Flagships** are concerned, **more transparency and openness should be ensured** aiming to facilitate access for all.

2. Innovation and Private Sector Involvement

One of the main objectives of the next EU FP should be to **increase the participation of the private sector and industry** as well as **increase the collaboration between the research community and the private sector.** It is widely accepted that the private sector contributes considerably to the conversion of research results to products and services. Thus, we need to create suitable framework conditions and policies that will attract investments and talented entrepreneurs from

all over the world and allow the establishment and scale-up of new businesses, including spin-offs. This would entail a more R&I-friendly environment and tailored-made support for innovation, technology transfer and product development.

Cyprus stresses the **importance of increasing the involvement of SMEs in FP9**. We strongly believe that SMEs, the backbone of the European economy, can play a central role in improving European competitiveness and productivity. Hence, measures aimed at bringing forward their innovative aspect and making them more competitive at the global level should be enhanced. We support the continuation and expansion of existing (like the Eurostars2) and the possible introduction of new targeted support programmes for SMEs. The participation target for SMEs should remain at 20% or even increase, where relevant and appropriate (taking into account recent statistics where the actual share surpasses the target).

Key Enabling Technologies (KETs) are of utmost importance in the EU's effort to invest in technologies that will enhance the competitiveness of the European industry. The **funding of relevant actions** through the ICT (micro and nanoelectronics, photonics) and NMP (Nanotechnologies, advanced Manufacturing and Processing and biotechnology) Work Programmes in Horizon 2020 is considered successful and **should be continued**. However, concerning the ICT Work Programme, efforts should be made to **ensure a balance in the allocation of budget between PPP and non-PPP driven calls** in order to facilitate access to funding opportunities for new stakeholders and other key players. In terms of space technologies, a focus on satellite imaging, monitoring and surveillance for the climate and the environment but also for citizen security, should be encouraged.

Regarding the European Commission's priority **for the establishment of a European Innovation Council (EIC)**, **Cyprus keeps a positive stance**. We support the idea of bringing together existing instruments (SME instrument, Fast Track to Innovation, FET Open and inducement prizes) for a comprehensive support to all forms of innovation and technologies, including market-creating innovation. Our aim should be to create a safer environment for high risk investments. In doing so, we should examine the possibility of merging and streamlining funding instruments. It is important to exploit possible synergies with the European Institute of Technology (EIT), while avoiding the creation of overlaps. Regarding the SME instrument, we feel there is room for improvement. We hope that its integration in the EIC will raise its efficiency and become an inclusive tool. Efforts should be made to avoid the creation of additional administrative burden, in particular for innovative SMEs and to involve all actors, including universities and research organisations. In order for the EIC to successfully support breakthrough projects, regardless of their origin, it is also important to significantly invest in the creation and strengthening of networks and to focus on training, coaching and raising awareness activities. Coaching and mentoring by experts (including high-level corporate people, venture capital investors etc.) should be offered, throughout the different implementation phases, with the aim to enhance the SME's innovation capacities, to improve investment readiness and to obtain access to finance. The design of the EIC should take into account the results of the pilot action under the WP 2018-20 of H2020.

3. Societal Challenges

Cyprus is a **strong supporter of the existing challenge-driven approach**, an approach which focuses on addressing the everyday life problems and needs of our citizens. For FP9, the current thematic areas under the Societal Challenges pillar of Horizon 2020 should continue to be

supported. In particular, we favour policy priorities related to Energy, Climate Action, Environment and Biodiversity, Citizen's Security (protection of critical infrastructures, disaster prevention etc.), Health, Transport, Food Security, Agriculture, the Blue Economy (Marine and Maritime Research, Tourism, Aquaculture etc.). At the same time, adequate flexibility should be allowed in order to be able to tackle any new and emerging challenges.

The thematic field of **Social Sciences and Humanities (SSH)** has a great potential both in the preparation of programmes and in the implementation of the projects. SSH can facilitate the assessment of societal impact of new technologies while paying attention to the new advancements of Social and Cultural Innovation. We feel that SSH deserves more attention and support, in particular Cultural Heritage and Healthy Ageing, as well as Unemployment, Social Inequalities, Public Debt etc. To this end, SSH **should be concretely integrated in all parts of the FP** (with emphasis to the Societal Challenges pillar and the design of the missions) **and a separate programme with an earmarked budget should be created.**

Furthermore, we are **in favour of exploring the mission-oriented approach**, which should meet a number of requirements. In particular, the missions should:

- Demonstrate significant European Added Value, building on existing European Policies, such as Europe 2020 and the Innovation Union, while contributing towards achieving internationally agreed objectives, such as the UN Sustainable Development Goals.
- Be clearly defined and co-designed with the Member States and Associated Countries, taking into account the views of the scientific community. Emphasis should be given to Member States commitments to advance missions at the national level, the private sector's capacity and willingness to contribute and global competition trends.
- Cover all disciplines and technologies for the whole spectrum of R&I, ranging from the conception of the idea to the commercialisation of the results.
- Focus on setting clear and feasible timelines for their implementation. Efforts should be made to find ways to measure and monitor the performance of the missions, including possible spill-over effects.
- **Be accessible by all and not require unnecessary additional administrative burden**, especially as regards creating new structures and inflexible governance models.
- Be limited in number, in order to achieve the greatest possible impact for the most pressing needs of society.

As regards the missions' positioning in FP9, we agree that they should be under the Societal Challenges pillar and aligned with the general objectives of the Societal Challenges. However, it is imperative to ensure inter-linkages and complementarities with other parts of FP9, in particular with the Industrial Leadership pillar. This will enable us to mobilise the private sector to our common causes. Last but not least, we consider that the inclusion of the missions under this pillar should not result in insufficient funding for the remaining thematic areas/topics.

4. Political and Horizontal issues

Political and Strategic issues

It is our belief that EU FPs have exceptionally clear and significant European Added Value for the sector of R&I and provide solutions to society's problems. Cyprus is **in favour of increasing the budget of FP9** as compared to the respective one of H2020. The budget of FP9 should signal

Europe's willingness to compete at the global level and alleviate, to some extent, the problem of oversubscription and low success rates. Our main aim should be to fund as many high-quality R&I cooperation projects as possible. It should be noted that this position does not pre-empt the eventual EU-UK agreement for BREXIT and other critical issues that will be discussed in the context of the negotiations for the next Multiannual Financial Framework (MFF).

Our position as regards the UK leaving the EU, in the context of this paper, focuses on the field of R&I and especially UK's participation in FP9. The UK is amongst the top 5 project collaborators for all Member States, including Cyprus, thus we are looking forward to concluding an ambitious agreement that will be beneficial for all parties. **Cyprus strongly believes in maintaining the close EU-UK cooperation in R&I.** We maintain a flexible stance as regards the type of agreement to be concluded.

Like most of the Member States, we prefer that the European Defence Research Programme is not included, as a separate pillar or societal challenge, in FP9. The civilian nature of the FP and the differentiated characteristics of Defence research are reasons why we feel that **a separate Programme for Defence Research** should be established. This Programme should have specific rules to accommodate the needs of the sector, being closeness, restrictiveness, large scale pilot/demonstration projects etc. On the other hand, we urge the Commission to include in the FP9 proposal, R&I actions on security and protection of citizens i.e. maintain societal challenge 7.

Horizontal issues

Cyprus is a strong advocate of bottom-up, curiosity-driven research. We believe that by allowing researchers to work on their ideas and proposals, based on what they perceive as pertinent in their respective fields, will yield significant results and impact on the European society. Cyprus would also like to express its **support to basic research** which forms the basis for the understanding of fundamental principles and questions. We note that basic research is the core source of funding for many disciplines, in particular social and economic sciences such as Philosophy, Economics-Finance, Psychology etc. We are in favour of keeping an **appropriate balance between basic and applied research.**

FP9 should continue to abide by the principle of Open Science, building on the experiences of the previous FPs. In particular, lessons should be drawn from the Open Research Data Pilot of H2020, which paves the way for the establishment of the European Open Science Cloud. Further measures could be explored aiming at the provision of incentives and rewards for those researchers who implement Open Science and Open Innovation practices.

Cyprus is a strong supporter of all the Actions under the Programme "Spreading Excellence and Widening Participation". Being a Member State with low R&I intensity, we believe that the specific action has a positive effect in capacity building, contributing to bridging "innovation divide" and to promoting inclusiveness in the EU. Early signs of this positive effect are the high interest as reflected by the number of proposals submitted, the high participation recorded and the significant number of partnerships and networks created. However, strengthening the R&I capacity is a long-term process requiring continuous efforts for a number of years before becoming a reality. Notwithstanding the funding already received from this Programme, Cyprus still records low R&I performance by most metrics. Therefore, in order to achieve this long term structuring effect for R&I capacity building, **it is imperative to continue and strengthen the Widening Actions under FP9, both in terms of financing and of new actions,** aiming for a broader

coverage. As regards Twinning, in particular, the sponsorship of co-supervised PhD or post-doc positions with mobility/secondments of the researchers between partner organisations could be examined. These FP9 actions should be complementary and interlinked with funding provided by the European Structural and Investment Funds (ESIF) and national R&I programmes.

The openness of networks/consortia is an element that should be improved in order to promote transparency and increase the participation of newcomers to FP9. The introduction of incentives for the attraction of newcomers should be sought. In the context of enhancing the openness of existing networks, sufficient funding should be earmarked for COST, the EU's funding organisation for R&I networks.

International Cooperation in R&I is vital for addressing global challenges and reaching internationally agreed goals. Besides the obvious advantages for science and the advancement of knowledge, **science diplomacy** can contribute towards building solid international relations and creating conditions of stability and peace. Important tools for achieving our common goals are the joint R&I initiatives and programmes, in particular the ones funded by Horizon 2020. We would like to make special reference to the **Euro-Mediterranean cooperation in R&I**, in particular the **PRIMA initiative**, which is in our opinion **an excellent partnership example in the region**. Its three thematic areas namely management of water, farming systems and agro-food value chain, relate closely to the Sustainable Development Goals of the United Nations but also to a number of EU priorities. Additionally, it creates ties in an area which is currently facing stability and security challenges. Moreover, we would like to **express our support to the BLUEMED R&I initiative** that seeks to promote blue growth in the Mediterranean by creating cooperation networks and developing innovation capacities in the marine and maritime sectors.

Cyprus shares the view that we need to **intensify our efforts in providing the required skills to Europe's researchers** especially as regards Open Science, the use of digital and data technologies, entrepreneurship and product development. Cyprus also considers important the need to cultivate a culture of innovation and risk-taking that will inspire our researchers to challenge current perspectives and to enable technology breakthroughs.

Furthermore, we underline the role of young researchers in boosting European competitiveness. The future of Europe heavily depends on the availability of high quality researchers and scientists with the skills needed to adapt to the new, technologically evolved and globalized environment. We should all work together to remove obstacles that hamper mobility, brain circulation, international networking and career development and provide attractive opportunities for young researchers. We are, therefore, **in favour of introducing specific targeted actions, covering the whole spectrum of the Programme, to support young researchers** (in particular in the context of MSCA).

5. Implementation and Simplification

We acknowledge the great improvement achieved under H2020 concerning simplification. However, we feel **there is room for improvement for further simplification under FP9**. It is widely accepted that simplification of rules and procedures at all levels (policy-strategy and implementation levels) and at all stages (proposal submission, time to grant, negotiations for the grant agreements, progress reports, management of funds, audits etc.), will allow researchers and

innovative entrepreneurs to focus their limited resources on the core of their work, reducing the amount of time spent on administration and reporting.

As means to facilitate further simplification and to address the 'oversubscription and low success rates' challenge, we propose the following:

- Broader usage of the two-stage application process without lengthening time to grant. For example, when the projects tend to be large in size and in activities to be implemented. It comes without saying that the first stage should be less demanding in terms of deliverables and effort. Excellence and impact will be evaluated first, while the implementation and consortium competence at the second stage.
- For the calls of proposals, set clear objectives and expected impact and launch broader scope and less-prescriptive calls.
- Lump-sum funding, as complementary to the existing practice of reimbursement for incurred costs. The results of the relevant pilot under WP 2018-20 should be taken into consideration when preparing the proposal for FP9. Attention should be paid to the calculation methodology for the lump-sums.
- Strengthen and increase the transparency of the evaluation system by improving the quality of the evaluators and the monitoring/assessment of their performance and by providing comprehensive evaluation feedback to all applicants including detailed comments, in a timely manner.
- A move towards a trust based approach in FP9 reducing audits to the essential ones and avoiding more red tape than necessary.

One point of paramount significance is the ***exploitation of synergies of FP9 with other relevant EU programmes and also national R&I funds***. Cyprus, recognizing the advantages of the selection process and the potential of the Seal of Excellence (SoE) recipients, has already made use of ESIF to support proposals awarded the SoE. The successful implementation of this initiative should not be hampered by having different rules between the relevant funding Programmes (i.e. aid intensity, budget restrictions). The ***State Aid rules ought to be reviewed in order to become more innovation-friendly and to foster such synergies***. Our aim should be to create a unified framework with the same management principles for all R&I actions financed by the EU.

As far as ***Partnerships*** are concerned, Cyprus agrees that they ***are an important element of the R&I funding landscape***. We acknowledge the added value of this type of funding in cases where a long-term European vision exists and the deployment of large scale operations and collaborations is recorded. Through our participation in joint initiatives, through capacity building and networking, we have the opportunity to use common solutions for the benefit of our society. However, we would like to stress that smaller countries experience difficulties in participating to Public-Private Partnerships (Article 187 initiatives, contractual PPPs etc.), since the level of resources required both from the public and private sectors cannot be engaged, due to the size of the projects. In addition, we believe there is room for improvement as regards the openness and transparency of these initiatives. On the other hand, Public-Public Partnerships (Article 185 initiatives etc.) are perceived as successful member-state driven initiatives aiming to enhance cooperation and coordinate national R&I programmes.

Also, we feel strongly on the ***need to maintain an appropriate balance between collaborative projects and Partnerships***. Partnerships are relatively large in terms of stakeholder participation and absorb significant amounts of funds. However, they tend to focus on a specific topic-priority, while on the other hand, collaborative projects are broad enough, flexible, inclusive and cover all topics under the thematic areas. We should be careful when allocating funds to Partnerships, so that it is not a detriment to other equally important priorities. To this end ***we are open to the***

introduction of a threshold for the funding of Partnerships under FP9. This threshold should be based on previous experience and the results of relevant studies.

Moreover, we strongly support the recommendation of the Lamy group for the **rationalization of the R&I funding system**. We are in favour of initiating an exercise with the aim to merge Partnerships with similar intervention logic in order to eliminate overlaps and provide a clearer funding landscape. It is imperative that this exercise is carried out before we start discussing about possible future partnerships. **Setting a roadmap for Partnerships and ensuring openness for all players, particularly smaller countries and SMEs**, are equally important for the future. For the former, we strongly suggest that **existing and future Partnerships are aligned with the mission's objectives and operations**, and not the other way around. We can also argue that this alignment with the missions, should even become a criterion for the development of new and the evaluation of existing Partnerships.

Concerning the size of the projects to be funded under FP9, we share the view that **an appropriate balance between small, medium and large projects has to be maintained**. Smaller collaborative projects should receive equal attention as bigger projects and Partnerships.

As regards funding means, Cyprus calls for **grants to continue to be the main funding source in FP9**. We consider grants to be the funding tool that best fits the needs of R&I, which is characterized by high risk, uncertainty on its results, long-term benefits etc. At the same time, it is understandable that some flexibility needs to be considered for innovation projects and for the commercialization of results. For these cases, we can agree to make use of financial instruments, as complementary means for funding.

The National Contact Point (NCP) network has developed into a powerful driver for the success of the FPs. The NCPs are key actors in the R&I funding process in Europe and therefore, their role, knowledge and skills should be reinforced. **NCP network projects** could play a catalytic role towards this end and they **should continue to operate and receive adequate funding**, in order to provide the highest possible services to applicants. However, due to their nature, NCP network projects should be inclusive and promote the collaboration of all NCPs. Moreover, networks should be closely monitored and evaluated in order to achieve their expected goals.