Ministry of Education and Science of the Republic of Latvia

Preliminary position of Latvia on the next Framework Programme for research and Innovation ("FP9")

17/04/2018

Introduction

High quality, socially relevant and open research and innovation play increasingly important role in smart economy and inclusive, sustainable development. Through its impact, R&I must foster EU, national and regional growth, address sustainable development goals and serve citizens. R&I priorities must be better connected to the needs of other sectoral policies and sectoral policies should contribute to financing R&I and absorbing its results.

In order to understand better the position of Latvian research organizations and stakeholders with a view to FP9, a brief overview of R&I situation in Latvia (LV) can be helpful:

- European Semester "Country Report Latvia 2018" concludes that Latvia's productivity growth has been solid, but its innovation performance is average. Overall, Latvia scores high on international business environment rankings, standing out for its well-developed IT infrastructure, online services and access to credit. SMEs are dominating the economic landscape, and that is part of the reason why, even though generous tax incentives exist, private R&D investment in Latvia is among the lowest in the EU. While Latvia has recently joined the group of 'moderate innovators' (50-90 % of EU average) in the European Innovation Scoreboard, the share of high-tech firms in the economy is small.
- In 2016 the total GERD in Latvia accounted 0,44% of GDP (or EUR 110,4 million) and total number of researchers (FTE) was 5,1 thousand. European Structural and Investment (ESI) Funds are pivotal in addressing key challenges and promoting R&D in the private sector, as well as strengthening links between research and industry. ESI Funds are invested in accordance with the Smart Specialisation Strategy (RIS3) that helps to focus investments on a limited number of priorities. However, technology and innovation transfer from research to industry is still underdeveloped and needs both incentives and expertise. Research excellence and capacity building of Latvia's research and innovation system strongly depends on support from EU funds and close engagement with international R&I networks.
- Latvia is still struggling with low success rate in EU H2020 programs, which hinders integration of Latvian research organizations in ERA. The overall success rate of Latvia

in Horizon 2020 is 12,94 %, acquired funding so far is 47,11 mil. EUR. By now, 196 projects (of which LV partner coordinates 22) were supported. Thematically, Latvian researchers and SMEs are mainly focusing on Societal Challenges and Industrial Leadership (Energy, Food and ICT are dominating). Latvia is implementing a Teaming project (Advanced Material Research and Technology, CAMART2) in Spreading Excellence and Widening Participation actions (SEWP), combining ESI Funds and H2020 financing. Networking activities, especially MSCA, are an important basis for international cooperation, reaching substantial part of H2020 contribution for Latvia. Unfortunately, Latvia does not have any European Research Council (ERC) grant in H2020.

Key messages

In particular, as regards FP9 we would like to emphasize:

- We fully agree with those Member States and stakeholders who emphasise that **European Research Area is a core concept,** and that the future Framework Programme should be the main EU wide measure to further develop and promote integration of ERA. Key political objective of FP9 should be even stronger contribution to a genuine single market for knowledge, research and innovation.
- The future Framework Programme should be based on the principle of **"inclusive excellence"** and open participation model, providing opportunities for scientific collaboration, excellent research and innovation breakthrough for all Member States, regardless their size and rank in scoreboards.
- The **impact** of the Programme and its components should cover all dimensions of sustainable development. The perception of "impact" and subsequent indicators should not be limited only to "financial leveraging effect" or increased global competitiveness of EU industry leaders. Indicators **should also cover wider range of social and economic dimensions**, such as European citizens benefiting from improvements, contribution to achievement of environmental goals, stimulating impact on national and regional economies and closing innovation gap.
- **Priority setting:** The European Commission in close collaboration with the Member States should provide the strategic priority setting and programming. Those program parts, which are outsourced to external entities, such as Joint Technology Initiatives/JUs, should continue to be subject to Member States' supervision via respective Programme Committees` programming, monitoring and reporting tools.

Increased budget and effective synergies between FP9 and ESIF

- The EU research agenda aims at even more and ambitious challenges. Oversubscription has undermined overall appeal of Horizon 2020. Some thematic areas and parts of the program, for example, Social Sciences and Humanities (SSH) or Spreading Excellence and Widening Participation (SEWP) had been obviously underfinanced in comparison to their ambitious goals. The foreseen **budget of the**

future FP should correlate with increased ambitions and expectations regarding the impact of the program.

- In order to increase stimulating impact on national and regional economies and creation of "critical mass", the **FP by design should promote synergies with "smarter use" of EU structural and Investment funds (ESIF)** hence enhancing the quality of investments and fostering stronger R&I networks and capacities around Europe.
- In this context, the **„Spreading excellence and widening participation"** (SEWP) part and **COST actions** must be **strengthened in FP9 with increased budget**.
- We **strongly support Teaming, Twinning, ERA Chairs and Widening Fellowships** and urge that those actions to be **continued in FP9**. In particular, Latvia proposes to increase substantially budget for Widening Fellowships in MSCA in order to attract excellent new generation of scientists to inclusiveness target countries and stimulate young researchers' careers in ERA.
- Additionally, we suggest introducing a new funding scheme in SEWP: **small-scale research and innovation actions (RIA)** which aim at bridging innovation divide in ERA through R&I task based approach and should be implemented by equal-to-equal partnerships between actors in R&I leader countries and SEWP target countries. This type of action would provide an opportunity to implement "bottom-up" projects based on clear and subtle research goal and would stimulate high quality trans-national co-publishing and co-patenting in EU.
- Components of SEWP and COST actions in general can be further empowered by better linking them to regional innovation ecosystems and to the European Social Fund human resource development activities in R&I and higher education.

Structure of the programme, themes and missions

- Keep clear **three-pillar structure:** namely curiosity driven, open and "open to the world" research, mission and challenge driven research, and innovation.
- **Keep the right balance** between funding of exploratory and applied research and close to market activities, supporting breakthrough and incremental innovation. **The European Research Council** (ERC) and **Marie Skłodowska-Curie Actions** (MSCA) are successful and inspiring programmes, providing opportunities for worldwide research collaboration, mobility and attracting talents.
- As regards to first pillar, Future and Emerging Technologies initiatives also must be continued and strengthened. **Collaborative projects**, **grants and open calls must remain** as main instrument in FP9, fostering cooperation between R&I actors and innovation ecosystems.
- **Challenges and Missions:** Union must better articulate and better evaluate the impact of R&I on improving the quality of life of all European citizens. Missions should respond to societal challenges of European relevance and therefore thematically cannot be single technology driven task. Instead, missions must integrate R&I,

technological development and competitiveness into broader context of sustainable development and economic convergence.

- Through its expected impact, **missions must also contribute to inclusive regional growth and foster advancement of innovation ecosystems in peripheral regions.** "Missions", which by their task require high level of technological advancement and concentration of resources and therefore naturally work as "centripetal force", must be balanced with missions and tasks, which are aimed at involvement of peripheral players and ecosystems.
- Goals and programming framework for missions must be compatible with programming for European Structural funds and Smart specialization strategies. Missions have to provide conjunctions with Widening activities and foster use of various sources of funding.
- **The skills component and links with higher education** should be strengthened in FP9, especially in the context of growing demand from digital and data industries. In this context, links with successor of Erasmus+ programme and European Institute of Technology (EIT) and its KICs should be elaborated further, keeping focus on regional innovation ecosystems and demand driven approach.
- **Social sciences and humanities.** Integrate social sciences and humanities (SSH) better throughout the FP, especially in "Missions", and keep a dedicated "transversal" programme part for SSH. This would allow for further alignment of R&I horizontal aspects and societal engagement in all thematic aspects (public engagement, open access, gender, ethics, and science education).
- Flourishing **innovation ecosystems** form a basis for growth. In this context, we welcome the concept of European Innovation Council. Latvia prefers that key enabling technologies (KETs) stay as a dedicated part of the FP. Expand financially while better target and consolidate **support instruments for SMEs.** Ensure wider use of financial instruments for scale ups and close to market activities.

Future of partnerships

- Continue efforts to **simplify partnership landscape**. Keep the right balance between roadmap-based large initiatives and smaller collaborative projects. Develop new, comprehensive and comparable Key Performance Indicators (KPIs) for partnerships, including JTIs and European Institute of Technology.
- When building **partnership initiatives** and setting conditions, **respect smaller R&I players and systems**, remove existent barriers and unproportioned costs of "entrance tickets" (such as amount of financial contribution or co-financing, restricted calls, required organizational or industrial capacity, administrative burden etc.) for participation in JTIs and other partnerships.
- Care about **scientific subtleness and nuances,** and balance interests of various players in multi-stakeholder projects and missions. Secure a proper **representation of**

research and higher education institutions as the main scientific drivers for open and inclusive innovation.

Horizontal issues and simplification

- In order to ensure geographical coverage and improve the outreach activities of the Programme, coordination and support actions **(CSA) should be financed adequately.**
- Maintain and **amplify Open Access efforts.** The impact of framework programme must be increased through open access and timely access to project results and effective circulation of new knowledge between academia and industry.
- **Improve evaluation and reduce oversubscription.** Improve transparency and the process by striving for **better-balanced expert panels** (gender, age, sector (academia/industry), scientific discipline, nationality, geographic coverage) i.a. **increase a number of evaluators from EU 13 countries**, provide training and guidance for evaluators. Address oversubscription by introducing two-phase evaluation where appropriate, and **providing more detailed and comprehensive feedback to applicants.**
- Simplify further the implementation taking in to account **users' perspective**. Effective synergies and coherence of R&I funding in practice are still hampered by different intervention logics and rules of diverse funding schemes and by the additional legal requirements, notably State Aid rules. **It is essential to remove the discrepancies between EU programmes in order to make synergies operational and to maximise the impact of European R&I funding**.
- Additional efforts should be made in order to amend remuneration rules by introducing the possibility of using unit costs as an option. Appropriate provisions should be introduced into the Financial Regulation, if necessary.