# SHAPING A NEW UNDERSTANDING OF THE IMPACT OF HORIZON EUROPE
## The roles of the European Commission and Member States

Matthias Weber, Katja Lamprecht, Peter Biegelbauer
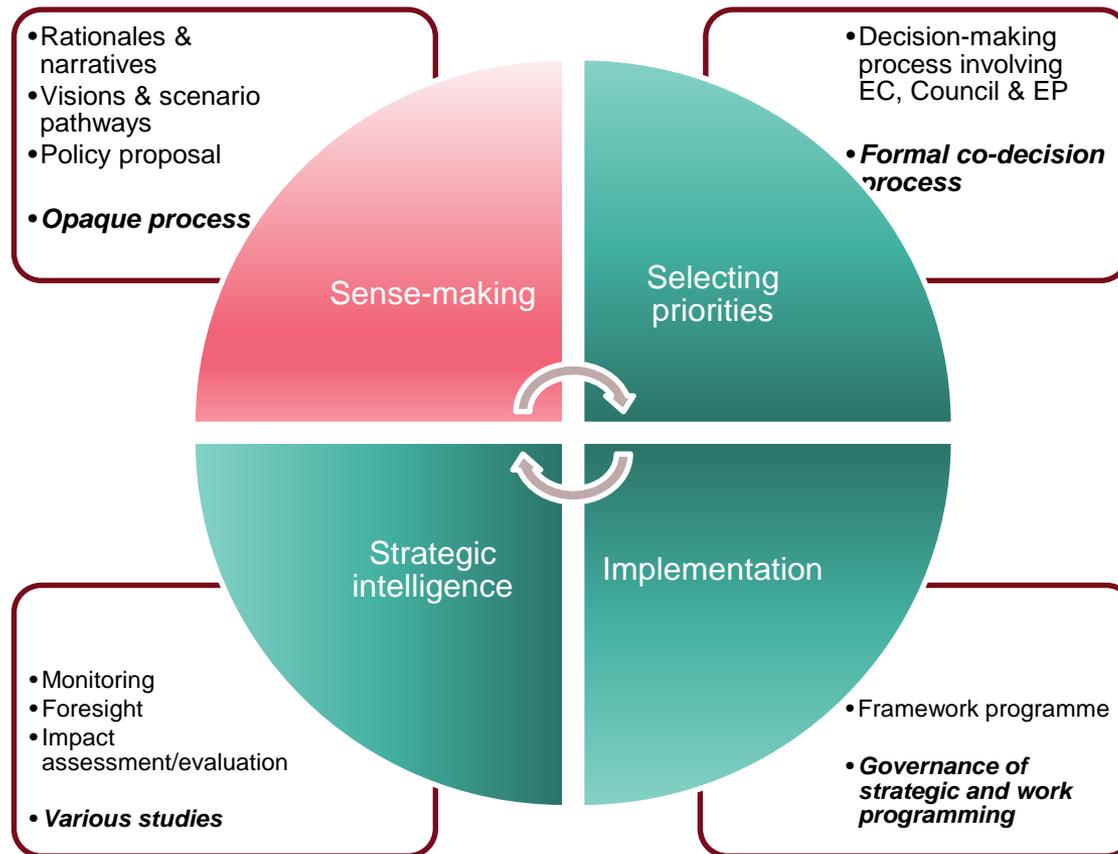AIT Austrian Institute of Technology, Center for Innovation Systems and Policy, Vienna

Conference "Impact of R&I Policy at the Crossroads of Policy Design, Implementation, Evaluation
Vienna, 5-6 November 2018

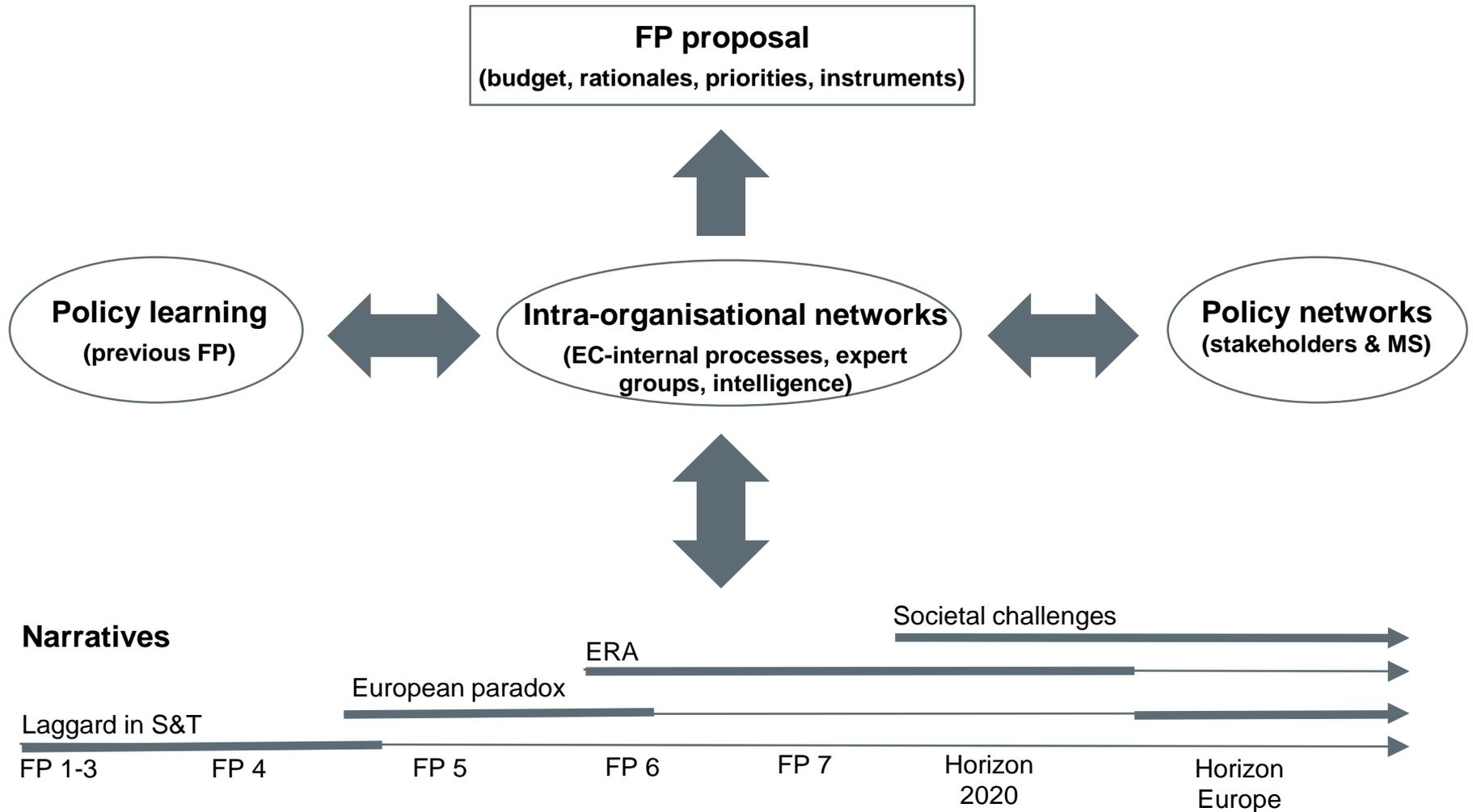# BACKGROUND AND RESEARCH QUESTION

- New elements emerged on the way from Horizon 2020 to Horizon Europe
  - How and why do these new elements arise?

- Not a purely rational decision, but involving a variety of influences
  - „Sense-making" phase before a proposal is presented has been rather opaque in past framework programmes

- Research question
  - *How does the process of preparing the initial proposal of a new framework programme work?*
  - *What is the role and influence of external networks, and of member states in particular, as compared to the EC-internal processes of sense-making?*
  - *How relevant are formalised processes of policy learning as compared to the launching of new guiding narratives?*

- Focus on two key novelties of Horizon Europe
  - European Innovation Council
  - Missions

# FOCUS ON THE „SENSE-MAKING" PHASE

- Rationales & narratives
- Visions & scenario pathways
- Policy proposal
- ***Opaque process***

- Decision-making process involving EC, Council & EP
- ***Formal co-decision process***

Sense-making

Selecting priorities

Strategic intelligence

Implementation

- Monitoring
- Foresight
- Impact assessment/evaluation
- ***Various studies***

- Framework programme
- ***Governance of strategic and work programming***

Adapted from EFFLA 2012

# CONCEPTUAL FRAMING OF SENSE-MAKING PROCESS

**FP proposal**
**(budget, rationales, priorities, instruments)**

**Policy learning**
**(previous FP)**

**Intra-organisational networks**
**(EC-internal processes, expert groups, intelligence)**

**Policy networks**
**(stakeholders & MS)**

**Narratives**

Societal challenges

ERA

European paradox

Laggard in S&T

| FP 1-3 | FP 4 | FP 5 | FP 6 | FP 7 | Horizon 2020 | Horizon Europe |

# FP 9 – PATTERN OF EMERGENCE

| Early thoughts | Learning past & Identifying Challenges Future | Elaborating Key elements | Feedback & Refinement |
|---|---|---|---|

**Early thoughts**
- Cabinet Moedas
- RISE HLG
  - *fast growing firms*
  - *Transformation / open policy*
  - *‚double deficit'*
  - *MS divide innovation*
- ‚Lund revisited'
- Madelin Report
  - *‚'Europe's mission to innovate'*
- EIC call for ideas
- FP9 Think Tank AT

**Learning past & Identifying Challenges Future**
- Lamy Report
  - *Mission*
  - *EIC*
- H2020 Interim Evaluation
- BOHEMIA foresight

**Elaborating Key elements**
- RISE HLG
- ESIR
- Mazzucato
- JIIP
- BOHEMIA foresight

- HLG Innovators
- 1st phase EIC pilot

✓**HE Impact Assessment**
✓**HE proposal**

**Feedback & Refinement**
- enhanced pilot of EIC
- RISE HLG WS

2015 / 2016  2017  2018

# EIC: THE SHAPING OF A CONCEPT

- **Moedas Speech** 2015

   *'Europe does not yet have a world class scheme to **support the very best innovations** in the way that the European Research Council is the global reference for supporting excellent science. So I would like us to take stock of the various schemes to support **innovation** and **SMEs** under Horizon 2020, to look at best practice internationally, and to design a new **European Innovation Council**'*
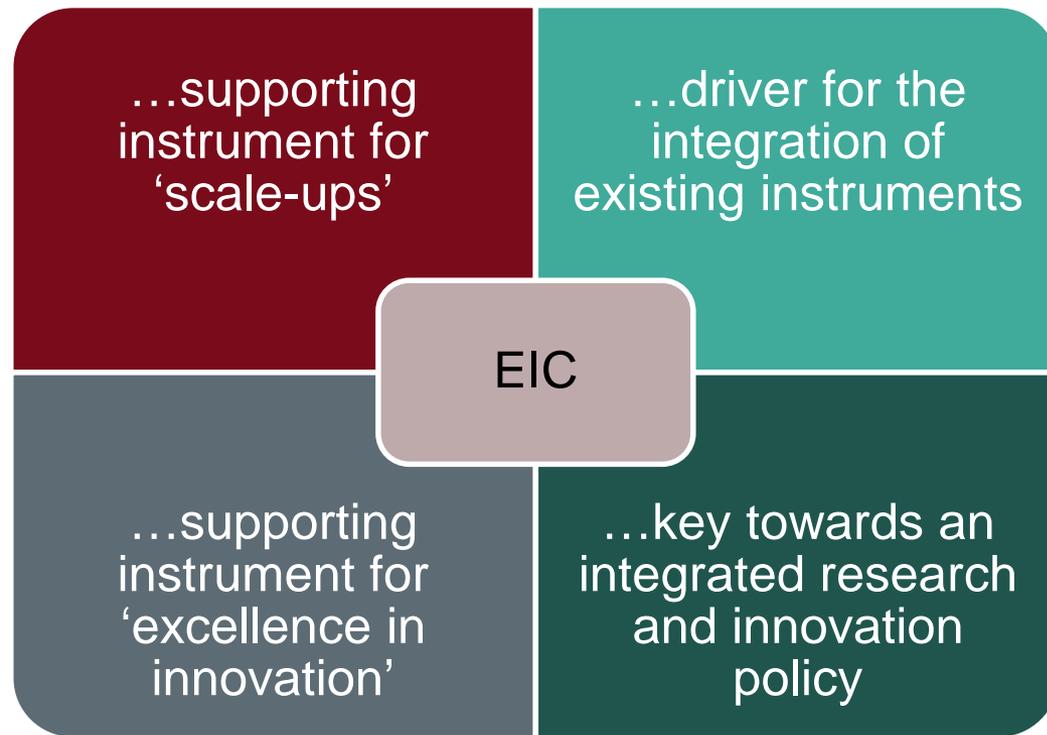
- ‚Re-discovery' of **EU-paradoxon**
  - EU performing well in research but not successful in exploiting (Green Paper of Innovation)
- Deficit in scaling-up innovative business, fast-growing firms (compared to US)

# EIC: WIDE RANGE OF IDEAS

- **First Period of Position Papers** (2016/2017)
  - Call for ideas by EC (2016)
  - Early thoughts FP9

| …supporting instrument for 'scale-ups' | …driver for the integration of existing instruments |
|:---:|:---:|
| **EIC** | |
| …supporting instrument for 'excellence in innovation' | …key towards an integrated research and innovation policy |

# EIC: ASPECTS OF CRITISISM IN THE BEGINNING

- Criticism of problem analysis
  - ‚EU paradoxon' questioned, ->  **‚double deficit'**
  - Thorough analysis (in particular market-creating innovation) needed
  - Framework conditions/single market are main barriers to market creating innovations

- Fundamental criticism of EIC concept
  - EIC is not the ERC! -> Innovation (SMEs) requires good embedding in (regional) innovation system -> appropriateness of EU **centralized** scheme?
  - Risk of **duplication of national initiatives** due to problems in transparency and coherence of European funding instruments
  - Addressing individual firms  -> **EU added** value given?
  - Risk of overlap with **EIT**

- Complementary suggestions
  - **Widening target group** to research institution as sources of disruptive innovation
  - ‚Umbrella' rather than additional institution on EU-level
  - Both technological and **non-**technological innovation

# EIC: TONING DOWN OF CRITISISM

- **Second Period of Position Papers** (2017 / 2018) reflecting on
  - Interim Evaluation H2020, 1st EIC-pilot, Lamy Report
  - **HLG Innovator**
    - Recommendations anticipate the EIC concept of the proposal for ‚Horizon Europe'
    - main influence on discussion

- Inspite of remaining fundamental critisism of concept, National Position Papers mainly **followed** the concept of the HLG Innovator:
  - Focus on market-creating ‚deep tech'
  - Existing instrument under umbrella EIC
  - Combining funding and financial instruments for bridging both ‚valleys of death' and for later private investment
  - EU–level provides critical mass & EU-network with firms, innovators,…

# EIC: FURTHER ITEMS OF DISCUSSION (1)

- Implementation issues
  - Coordination with national policies and initiatives for funding
  - Complementarity with other elements of Horizion Europe
    - Missions
    - Pillar 1 and pillar 2
    - EIT
- Governance issues
  - Programme managers (requirements and mandate, ARPA-E approach)
  - Participation of MS in implementation of EIC

- Budget allocation within Pillar 3
  - Only up to 0,5 billion (~ 5% of EIC budget) to the segment 'boost the effectiveness of the European innovation system'
    - Appropriate in view of coordination needs, systemic barriers of single market, and regulatory regidities?

# EIC: FURTHER ITEMS OF DISCUSSION (2)

Source: EC (2018). Impact Assessment
Accompanying the document establishing Horizon Europe



- ➤ ,put idea / innovator in front'
  (RISE 2018)
- ➤ ,IRL' instead of ,TRL'
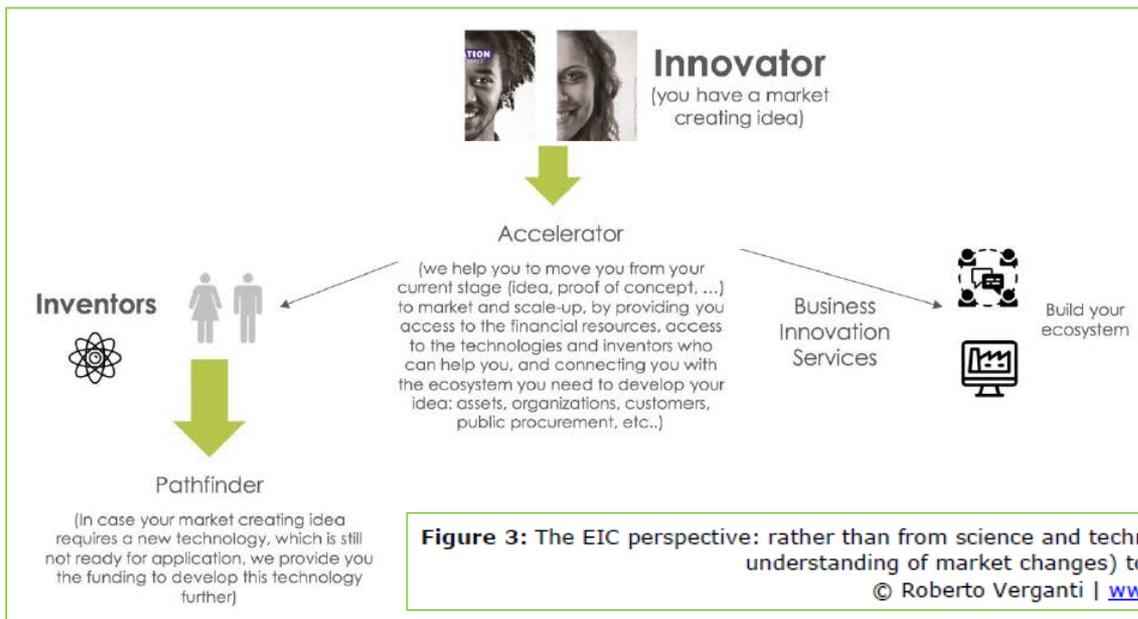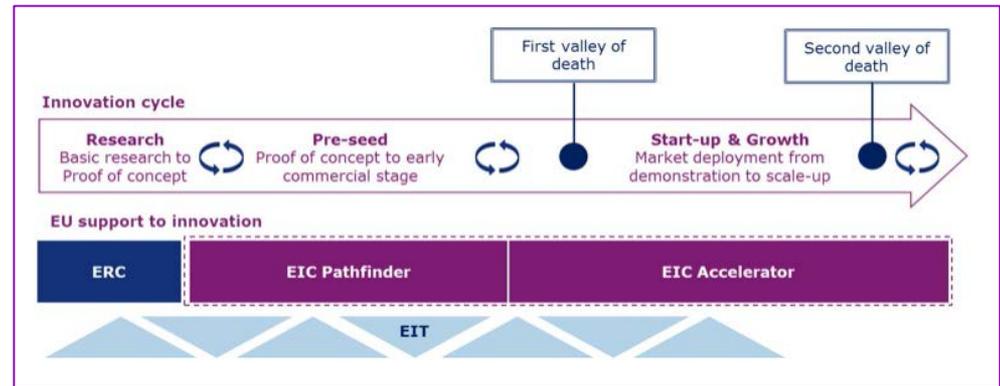


Source: RISE group (2018). The academic underpinnings of the European Innovation Council. Summary and recommendations of the RISE subgroup on EIC, European Commission, Brussels

Figure 3: The EIC perspective: rather than from science and technology to market, it should be from innovators (and their understanding of market changes) to technologies and science.
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# MISSIONS: THE SHAPING OF A CONCEPT

- Underlying rationale: Missions as new ‚intermediate layer' for bundling projects and specifying achievable targets
  - Gap between higher-order societal challenges and specific projects
  - Discrepancy between high ambitions of societal challenges and the ability to achieve/monitor impacts
  - No major changes to the mode of implementation of H2020

- Phase 1: Playing with a variety of visions
  - Early stakeholder and MS papers (e.g. AT FP 9 Think Tank)
  - Explorative reports (Madelin report)
  - First debates at Cabinet level (RISE)

- Phase 2: Defining cornerstones and learning the lessons from the past
  - Self-critical assessment of societal challenges in interim evaluation of H2020 and Lund II conference
  - Lamy Report  Recommendation

# MISSIONS: THE SHAPING OF A CONCEPT

- Phase 3: Generating momentum and consolidating legitimacy
  - Expert group advice to develop key principles and features (ESIR, RISE)
  - Analytical reports on insights from past missions (JIIP)
  - Foresight on candidate themes for future missions (BOHEMIA)
  - Mazzucato Report to help justify a stronger role of policy in R&I policy and missions

- Phase 4: Refinement and growing skepticism
  - Technocratic take on missions will not be sufficient to address ‚wicked' challenges
  - Need for a new governance approach to selection, ownership, policy coordination, carrier organisations, instruments, etc.
  - Major challenge to the ability of the Commission to lead and govern missions

# MISSIONS: EXTERNAL PERSPECTIVES

- Overall, quite positive reception of „mission" narrative by member states
  - New mission-oriented approach has already been piloted in several (e.g. FR, DE, SE, FI, UK)
  - Concerns about role of member states in selection and governance of missions

- Mixed feedback from other stakeholder groups
  - Split opinions from industry (KETs vs. societal challenges)
  - Support from a range of CSOs, if properly implemented
  - High expectations of RTOs and strategic partnerships
  - Reserved views of academic institutions

- Expert opinions expressing skepticism
  - If taken seriously, major efforts of policy coordination needed (horizontal, vertical, multi-level)
  - Need for different programming logic to address scaling and diffusion, learning and handling failure
  - New approach to monitoring, impact assessment and evaluation

# MISSIONS: THE EC-INTERNAL PERSPECTIVES

- Overall support to mission-oriented approach across services
  - Early informal consultation mechanisms, e.g. through Foresight Correspondents Network

- Political lead and owernship of missions
  - Tension: shift towards a stronger role and level of autonomy of R&I policy vs. owernship of missions by thematic DGs
  - „Malleability" of the concept of missions: „major contribution of R&I", „R&I mission"

- Split views on programming approach
  - „Traditionalists": maintain current technocratic approach to strategic and work programming
  - „Modernists": radical shift to a different programming logic, geared towards a more open and flexibel approach, enanbling a wider range of innovation options

- Prioritisation of missions, governance and implemenation still under debate (10/2018)

# MISSIONS: ASSESSMENT

- Deficiencies in addressing societal challenges in H2020 are widely recognised
  - Missions as „rescue" to strengthen the ability to deliver on the societal challenges

- Missions concept in general met with a lot of support
  - The concept of missions was already discussed in various circles, including member states
  - Part of a the wider normative/strategic turn in R&I policy

- Governance and implementation are more contested
  - Within the EC: Who is in the lead? Policy coordination?
  - Between the EC and member states: Influence of member states? Division of labour?
  - On matters of implementation: New programming approach? Scaling? Widening of range of instruments?

- Currently still much uncertainty about prioritisation, governance and implementation

# CONCLUSION

- The conceptual framing of the elements and the process of ‚sense-making' at EU-level was useful
  - Opening up the black box: EC-internal processes and politics play a crucial role (but still in need of further empirical analysis)
  - Overarching FP narratives serve as resource on which to build more specific ones

- Balance between internal and external influence should not be over-generalised, but depends on topics
  - European Innovation Council:
    - Narrative driven ‚top-down' from the Cabinet, with support from expert groups
    - Some adjustments made in response to external and internal criticism
    - Little attention to the more fundamental points of criticism raised
  - Missions:
    - Widespread support to the basic narrative and concept
    - Major concerns about governance, implementation and the steering capacities of the EC

- Formalised processes of policy learning (i.e. interim evaluation) provided rather weak impulses as compared to the mobilising influence of new guiding narratives

# THANK YOU!

Matthias Weber, Katja Lamprecht, 5.11.2018

matthias.weber@ait.ac.at, katja.Lamprecht@ait.ac.at