

Dear readers,

Welcome to the second Time & Place Consulting newsletter which provides you defining analyses on what affects **your opportunities to get EU funding and projects**.

Following very positive feedback from many of you on the pilot edition, it is with great pleasure that we send you our newest insights and thoughts; this time with a contribution from our partner in Bordeaux, Sébastien Blanchard from Egemone Consulting.

In this edition we will be following up on the SME Instrument under the European Innovation Council and Brexit, as well as discussing the European Commission consultation on the future of EU budget and funds post-2020.

We wish you a good read.

Glenn CEZANNE *Elisabetta SAVINO*
Managing Director *Associate Director*



SME INSTRUMENT

1st cut-off data

There was a barrage of proposals by the end of the first SME Instrument Phase 2 cut-off date on 10 January 2018. The instrument, set up under the newly created European Innovation Council pilot (EIC), prompted a total of 1,163



proposals to be submitted, among which 93% came from stand-alone SMEs, whilst only 7% from SME consortia.

The data, published by EASME (European Agency for Small Medium Enterprises), shows where the largest number of applicants were based – i.e. Spain (205), Italy (119), France (88), Germany (75) and the UK (75). As described by the theorem of J. Bernoulli, according to the law of large numbers, the average of the results obtained from a large number of trials should be closer to the expected value, and will tend to become closer as more trials are performed. Therefore, at least in theory, we expect a higher number of Spanish and Italian winning proposals.

Moreover, for the first time no specific topics were set by the European Commission. Instead, the proposals were classified according to keywords used by the applicants filling the administrative forms. The top four keywords were: Health, ICT, engineering and technology. If assessing the first two keywords to have a deep meaning, one should be reminded that within the previous SME Instrument calls n.5 (Health and Biotechnology) and n.1 (Open Disruptive Innovation Scheme), the words “engineering” and “technology” could refer to endless topics and projects, from nanotechnologies to the circular economy.

All in all, the new bottom-up approach used by EIC seems very fair, allowing all European SMEs

with innovative and market-oriented ideas from any field and topic to have a test bench for their proposals at the international/European level. Indeed, under the new SME Instrument scheme, an idea can be eligible if it is innovative; but, also ambitious and internationally market-oriented. Therefore, it is for the business plan to provide real comparative data on the market in geographic and economic terms, describing how existent market solutions, both similar and competitive, compare to the proposed one. In essence, the purpose is to answer why the European Commission and/or an investor in the international arena should devote time and money in the newly proposed idea and concept.

As we described in our previous newsletter, under the new SME Instrument scheme, a first remote evaluation by experts takes place. The top proposals (and able to receive a score higher than 13/15), are subsequently invited for a second round – i.e. to provide a “pitch” in Brussels in front of a panel of innovation and business experts. For the January 2018 cut-off proposals, the interviews are planned to take place during the week of 12-18 February, and, the results are to be published mid-March 2018.

The next cut-off for Phase 2 will be on 14 March 2018.

- *E. Savino*

FUTURE OF EU BUDGET AND FUNDS

Public consultation on post-2020 priorities

The start of the new year has been particularly busy for Günther Oettinger, European Commissioner in charge of Budget and Human Resources. On the 10 January, he officially launched the discussion on the next long-term budget for the EU, the so-called ‘Multiannual Financial Framework’ or ‘MFF’. This follows the publication of an internal reflection paper in June 2017, which looked at the budgetary implications of the five scenarios described in the Commission’s White Paper on the future of Europe. The final proposal is due to be presented on 29 May in Strasbourg.

Thus, in parallel to a first orientation debate within the College of Commissioners and a public conference gathering hundreds of participants, the European Commission launched a series of six public consultations on EU funds in different areas: Cohesion; values and mobility; security; investment, research & innovation, SMEs and the Single Market; migration; and strategic infrastructure. All citizens and stakeholders may answer the consultations by 8 March 2018.

Addressing multiple challenges

The European Commission seeks to address some issues identified through the management of the current MFF and funding

programmes for the period 2014-2020: Increasing flexibility and simplicity; ensuring performance and added value for each euro spent; articulating funding and structural reforms at national level; creating synergies between funds.

Some of the areas targeted reflect public and national governments’ wish that the EU plays a bigger role in new policies like migration or security and defence. Global challenges in these areas are increasingly prominent.

The EU budget is also expected to continue investing for growth, research and innovation. It is probably the biggest challenge for the decade to come in order to tackle climate change and increase global competition. As a matter of fact, a specific consultation has been launched in these areas. It covers the main EU research and innovation programmes, such as Horizon 2020, COSME or EFSI.

Make your voice heard

Researchers, SMEs and businesses should absolutely express their opinion on where the EU should focus its investment power and how to design programmes to make financing easier. Project managers and practitioners are best placed to make recommendations and offer solutions to improve EU funding.

Cutting red tape, reducing the processing time or easing follow-up steps are some of the requests frequently voiced. The time is ripe to bring deep regulatory changes that will ensure the EU meets its future priorities, and incubates on

its soil, the worldwide innovation leaders of the next decade.

Sébastien BLANCHARD
Founder, Egemone Consulting



THE UNCERTAINTIES OF BREXIT

A question of skilled labour

On 29 January, the General Affairs Council of the Council of the EU approved the next Negotiation Directives, giving chief Brexit negotiator Michel Barnier the mandate to negotiate a transition period with the UK on behalf of the EU-27. The new Directives clearly re-iterate the same red lines as the previous Directives, including the position on “cherry-picking”. This means that the whole *acquis communautaire* (the collective obligations under EU law) is to apply, including laws and EU courts’ decisions introduced during the transition period. In the meantime, the UK would have no decision-making powers in the EU institutions (including the courts). Indeed, as the UK is set to become a third country as of 30 March 2019, the mandate sets out that the UK will not be represented in any of the institutions.

Notably, the Negotiation Directives clearly define the transition period

to end on 31 December 2020, the end date for the current EU Multi-Annual Financial Framework under which Horizon 2020 exists. A clear cut to the new one to start in 2021 is the reasoning behind this approach. This is not a positive signal for the future capacities of UK entities in accessing EU funds or joining project consortia, or indeed for EU-27 entities to benefit from the wealth of knowledge, innovation and organisational capacities that the UK has to offer.

Yet, the question of direct access to EU funding and projects is not what looms alone at the top of the table of European innovation and science. The concerns of direct access to expertise and a highly skilled labour market after many decades of integrated project management and cooperation can be seen at several levels. This is also the case when looking at nuclear energy. Following hearings in the House of Lords’ EU Energy and

Environment Sub-Committee, which was looking at energy security and Brexit implications for energy supply, a key finding of the subsequent report (published end-January 2018) highlighted that future and currently developed nuclear sites were in doubt if access to specialist workers was curtailed. The report also echoed the benefit of being able to maintain research connections in relation to EU research programmes post-Brexit.

Keeping in mind that innovation, research and competitiveness are mantras of the EU, not least reflected in their institutional language addressing the capacity to remain a leader on a global scale, it seems hard to believe that tradition and capacities of close cooperation to this end will simply be truncated post-2020. Funding access and cooperation across the Channel will surely find its form.

- G. Cezanne

