

British Academy Statement on the proposed regulation to establish the European Fund for Strategic Investments ('EFSI')

Boosting job creation and economic recovery in the European Union will not be served by taking money away from funding streams such as Horizon 2020 and the European Research Council. On the contrary, this would undermine our ability to fuel sustainable prosperity and growth by neglecting the substantial contribution that high-quality research and innovation makes to our economy and society.

The Commission is cutting the Horizon 2020's budget by 8.4% in 2016 and 8% in 2017. These are deep and damaging cuts, particularly affecting the Union's ability to respond to grand challenges and develop excellent research.

We believe that there is a risk of fundamental weaknesses in the EFSI's governance, accountability and priorities. Firstly, the Fund's proposed governance indicates a reliance on non-expert civil servants. We recommend that a far more inclusive and decentralised governance structure be introduced. Member States should be empowered to short-list suggested projects to a decision-making body of independent experts, made up predominantly of researchers, and not only those affiliated with the Commission. We would, additionally, strongly recommend the involvement of the President of the European Research Council and its Scientific Council in the decision-making process.

Secondly, as regards accountability we recommend that the Managing Director, the Commission and the European Investment Bank report in person quarterly to the Council and in particular the Budgets; Industry, Research and Energy; and Economic and Monetary Affairs Committees of the European Parliament. We also recommend that the appointment of the Managing Director and Deputy Managing Director of the Fund should be approved by the European Parliament and the Council.

Thirdly, the Investment Plan as announced in December and the Regulation proposing the EFSI's establishment reflect changing notions of the EFSI's priorities. We are surprised that the Commission is so vague about the priorities of this instrument at this stage.

We recommend that the Fund focuses on five priorities or principles, which are written into the proposed Regulation aligned with the Europe 2020 strategy. They are: excellent research; education and training initiatives in particular to reduce inequalities; supporting the move to a low carbon economy; sustainable growth-enhancing infrastructure to help fight poverty and social exclusion; and providing working capital and risk financing to SMEs to drive employment.

In addition, we strongly recommend that existing and demonstrably effective delivery mechanisms for funding, such as the European Research Council and Horizon 2020, be used to deliver as much EFSI funding as possible. For example, with excellence in research being one EFSI priority, it is clear the European Research Council should be fully involved in selecting successful projects and in delivering the funding granted.