

HORIZON 2020: The way forward

Dr. Ioannis NASIOULAS

INTRODUCTION

HORIZON 2020 has visibly enhanced social investments and opportunities for all. Yet, long-standing and emerging challenges could be adequately addressed by providing for institutional innovations that could make up for the blind spots, overlaps and money flows into low-return financing.

SYSTEMIC INNOVATION

1. IN-HOUSE EXPERTISE FOR THE EU. Uptake of H2020 research findings by the EU institutions is sub-optimal. H2020 data production is not reaching the EU offices. We need an articulated path of integrating findings into the policy context, towards data-led policies and better regulation. This involves enhancing standardization in what the EU expects out of H2020 for its own use: a new breed of deliverables and conditionalities included in H2020 contracts.

2. FINANCING SOCIAL INNOVATION. Social innovation is pronounced in research calls. Yet, it is not given adequate room when it comes to core banking activities such as those by the European Investment Bank, namely the European Fund for Strategic Investments.

We need a new breed of investment tools that involve the following innovations:

(a) A flexible combination of public subsidies, private donations and banking products (loans, guarantees and counter-guarantees, securitizations, equity and quasi-equity, social bonds) in a single package, so as to trigger and leverage both venture philanthropy, ethical investments, corporate capitalization, the attraction of direct foreign investments and the consolidation of latent or under-capitalized investment portfolios so as to reach the needed market thresholds.

(b) A focus on national-champions could act as catalysts for the consolidation of critical mass and market capacity.

(c) The "funding of funds", as in the case of the Employment and Social Innovation program (EaSI) should be expanded and enhanced to a wider range of R&D activities and especially those empowering the people in the bottom of the economic pyramid.

(d) A seed or pilot allocation of funds for the establishment of national microcredit and impact investments banking branches. These are blind spots for the area covered by H2020, EFSI, SMEINST, EaSI, INNOVFAN, COSME. The current crisis in several EU states, the stress put by the banking union and the upcoming revision of BASEL III creates a tight banking environment where the underserved are ever increasing.

e) To date, social innovation has generally been treated as a residual economic activity and this is depicted in the close-to-zero impact of subsidies provided for enhancing what I have coined as the European Union Social Economy Single Market: social networking platforms for “stamp” organizations, consultancies and subsidies-driven institutions have gravely undermined the core identity of the social economy market. The actual social economy in Europe involves what our fellow Americans call critical investments and we identify as general interest services: water, electricity, telecommunications, education, health, housing, transport, financing, insurance. Social economy actors such as associations, foundations, mutuels, cooperatives and social enterprises have historically paved the way in giving these their current shape. We should focus on delivering financing tools for the expansion of the core values of social economy into these markets – most important, that people’s needs at the local level come first.

3. NATIONAL STANDARDS-SETTING. Though H2020 provides inter-EU visibility and collaboration opportunities it is not systemically embedded into the national R & D contexts. High standards reached are not infused, embedded or maintained in national contexts. Alongside the National Contact Points, we need dedicated Teaching Positions based on H2020 excellence and subsidized by its budget.

EPILOGUE

H2020 is mainly a high standards-setting mechanism. Along, it introduces innovative impact investments modalities such as in the case of the EFSI. In times of fiscal contraction, it provides the critical mass for social investments which sole nation-state mechanisms lack.

HORIZON 2020 should be boosted