



EUROPEAN COMMISSION
Office of the President Mr Jean-Claude Juncker

Member of Cabinet
Economic adviser

Brussels, **23. 02. 2015**
Ares (2015) 557893

Dear Ms Sjöström Douagi,

The President of the European Commission, Mr Jean-Claude Juncker, has asked me to thank you for your letter of 9 February 2015, sent on behalf of the Young Academies of Sweden, Belgium, Denmark, Montenegro, the Netherlands, Poland and Scotland, concerning the European Fund for Strategic Investments (EFSI) and Horizon 2020. President Juncker has asked me to reply on his behalf.

I appreciate your concern about the possible impact of the EFSI on Horizon 2020. However, allow me to assure you that the EFSI complements and reinforces Horizon 2020's broader purpose of creating jobs and growth and strengthening Europe's competitiveness.

The Investment Plan is an essential component of our new economic narrative for Europe with its three mutually reinforcing strands: structural reform, fiscal responsibility and investment. By setting up a new European Fund for Strategic Investments, important additional financing will be mobilised for various sectors of the EU economy, including the essential areas of research and innovation. President Juncker referred to these sectors, crucially important to ensure sustainable growth in Europe, in his political guidelines presented to the European Parliament in July 2014.

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EUR 2.7 billion will be redeployed from Horizon 2020 to the ESFI Guarantee Fund, allowing investments to be made, including in the area of research and innovation. This represents only 3.5% of the Horizon 2020 financial envelope for 2014 to 2020. After this redeployment, the Horizon 2020 financial envelope remains 38% higher in current prices than that of the 7th Framework Programme 2007-2013 (25% in constant prices). Horizon 2020 thus remains a high priority during the period 2014-2020.

The seed capital for the EFSI, which is taken from Horizon 2020 to generate additional investments of at least EUR 315 billion, is not money lost for innovation. On the contrary, this is money that will be used to attract much more important sums, which will then be reinvested in innovation, delivering higher returns.

An indicative list of potentially viable projects, proposed by Member States and the European Commission, has been published. This list includes European research infrastructures such as the European Spallation Source (ESS) and the Extreme Light Infrastructure (ELI).

However, the EFSI is no substitute for Horizon 2020. The leveraged loan approach of the EFSI complements the grant approach that accounts for the bulk of Horizon 2020.

As part of the investment package, we are also proposing an ambitious roadmap to make Europe more attractive for investment and remove red-tape and regulatory bottlenecks, including the framework conditions that improve the environment for research and innovation.

With the Investment Plan, the overall amount of investment in innovation mobilised by the EU budget in the next years will be higher than with Horizon 2020 only. The means in the Guarantee Fund will be phased in over time and the payments will be significantly back-loaded. Therefore, the spending scheduled in payment appropriations for Horizon 2020 in 2015-2016 will not be affected.

Excellence in research, especially in the context of the European Research Council (ERC) is a top priority for the EU. The budget reduction will be proportionately lower on individual researcher and bottom-up research schemes such as the ERC, which deals with frontier research, and the Marie Skłodowska-Curie Actions (MSCA), which manages the training and mobility of researchers.

This is reflected in the ERC's budget for 2014-2020 of EUR 12.9 billion, which still represents an increase of over 70% compared to its budget for 2007-2013. In addition, the level of ERC budget redeployment is lower (1.7%, representing EUR 221.2 million) than redeployment from the global Horizon 2020 budget (3.5%).

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The budgetary impact on MSCA is similar. It will be reduced by EUR 100 million over 3 years from 2016 to 2018, representing 1.62% of the EUR 6.2 billion foreseen in Horizon 2020 for this programme. The reduced MSCA budget in Horizon 2020 still represents an increase of 28% (EUR 6.1 billion against EUR 4.7 billion) compared to the budget for 2007-2013.

I would like to take this opportunity to thank you for your personal efforts and for the work of The Young Academies you represent.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Paulina Dejmek-Hack', with a long horizontal flourish extending to the right.

Paulina Dejmek-Hack