



EUA POLICY BRIEF

THE IMPACT OF THE EUROPEAN FUND FOR STRATEGIC INVESTMENTS ON EUROPE'S UNIVERSITIES

1. What does EFSI seek to achieve?

The intended mission of the fund is to support projects with a higher risk profile so that investment starts taking off in countries and sectors where job creation and growth are most needed. (European Commission Vice-President Jyrki Katainen)

2. What is the link with Horizon 2020?

- EFSI is funded notably via an EU guarantee of 16 billion Euros which is derived from the EU budget for 50%. 8 billion Euros have therefore been diverted from the current multi-annual financial framework. The biggest contributing programmes are the Connecting Europe Facility (for 3.3 billion Euros) and Horizon 2020 (for 2.7 billion Euros).
- For universities, this means lost competitive funding, particularly in the Excellent Science pillar (notably European Research Council and Marie Skłodowska Curie grants) and in the Societal Challenges pillar (thematic collaborative research).

3. Can this loss to universities be compensated? Can universities benefit from the EFSI scheme?

- EFSI functions on the basis of a **debt financing mechanism**; it does not offer subsidies (like Horizon 2020 competitive funding), but loans. The beneficiaries of EFSI support will have to repay the amounts received.
- Universities in most European countries are not allowed to **borrow** from banks, or are under strict conditions. In most EU Member States, borrowing money is restricted or even prohibited for universities, as shown in [EUA's Autonomy Scorecard](#).
- The **nature and the scale of projects** considered essentially excludes universities from the scheme. The European Commission considers large investment operations, primarily related to the development of infrastructure (particularly in transport and energy). While the overall objectives also include investment in education and research and development,

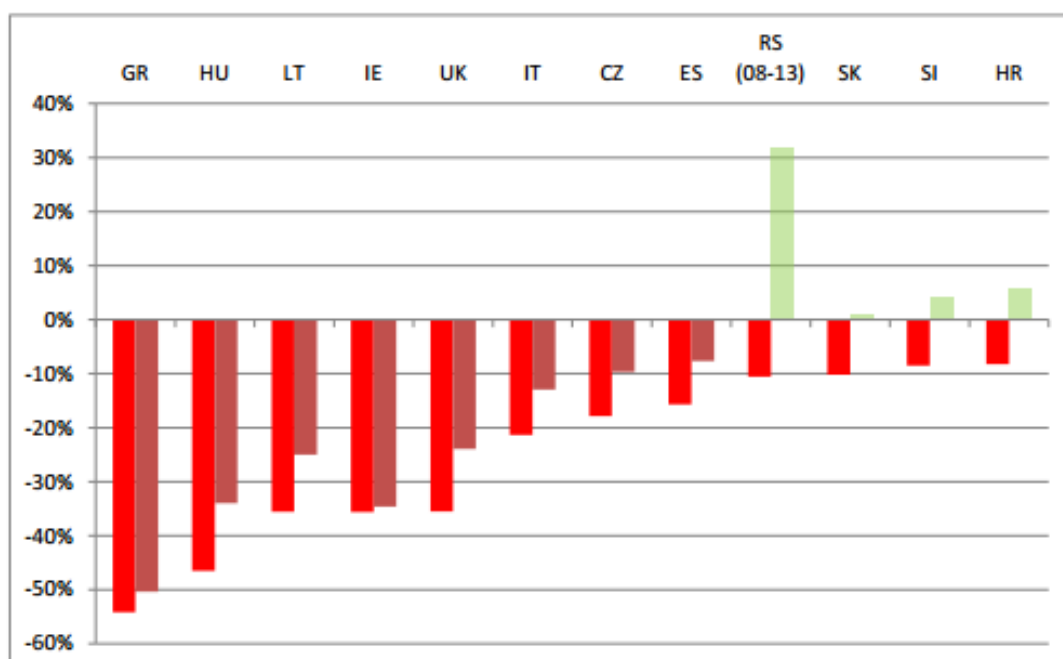
the currently available list of projects submitted by the different member states gives little room to those.

- The **timeframe** envisaged by the European Commission is a crucial issue. The intention is to start supporting projects before the end of 2015. Only projects already at an advanced stage of preparation, or for which the implementation phase has started, are likely to obtain support from EFSI. It seems unrealistic that new projects can be developed and submitted in the short term given the scale of operations.

While it can be hoped that universities benefit as possible suppliers or end-users of the project outcomes, there seems to be very limited opportunities for them to be an active partner in the EFSI supported actions.

4. The political signal

- The fact that EFSI is to a large part financed by diverting funds from European research sets the **unacceptable precedent** that one may reduce research funding to support other activities.
- It also sends the **wrong signal** to EU member states, where research funding is often already under threat. [EUA's Public Funding Observatory](#), which records the evolution of public funding to universities in Europe, reveals worrying trends over the medium term. The graph below shows the European countries with declining public funding to universities over 2008-2014.



The first column for each system shows the inflation-adjusted evolution of public funding; the second column represents nominal change.

5. Preserve European research: suggestions for a coherent EFSI financing and governance

- Research is a prerequisite for innovation, without research the pipeline to innovation – and so to any new ideas that could be invested in by EFSI eventually – is cut off. Research must be funded in an appropriate way and any cuts to Horizon 2020 will result not only in a performance loss for the European research and innovation system but also for Europe’s long-term competitiveness. Cuts to Horizon 2020 must be avoided.
- In particular, it is of paramount importance to preserve the “Excellent Science” and “Societal Challenges” pillars of Horizon 2020, which contribute to the creation of new knowledge and builds the basis for Europe’s future competitiveness.
- Possibilities exist to set up an efficient EFSI scheme while limiting the damage done to European research. Indeed, both elements seek to strengthen Europe’s capacities and long-term growth and competitiveness. The priority is therefore to eliminate the logical flaw of taking from one to give to the other, and rather strengthen both.
- Unlike for education and research, which are until now given limited visibility in the proposed projects submitted by the EU Member States, transport is a strong focus and features highly both in the European Commission’s overall objectives in EFSI and in the proposed projects. With such real focus, the expectations that the EFSI’s multiplier effect will benefit the sector more than in the regular programmes may well materialise.

Therefore, it appears sensible to consider **shifting some of the cuts from Horizon 2020 to the Connecting Europe Facility**, which supports interoperability and integration of transport, energy and digital infrastructures. This shift should lead to cancelling cuts done to the Excellent Science and the Societal Challenges pillars.

- In addition, EUA urges EU institutions to:
 - avoid any mechanisms in EFSI allowing further Horizon 2020 cuts in the future;
 - ensure that unused EFSI funds flow back to Horizon 2020 and not into the general EU budget;
- For the selection of projects, this means:
 - providing for clear research criteria, a selection process based on and access for universities – either leading or participating – for EFSI R&D projects;
 - involving R&I experts in the evaluation and decision-making processes on EFSI R&D projects.

For further information, please contact the European University Association at funding@eua.be