

EUROPEAN UNION

Brussels, 9 November 2012

EUROPEAN RESEARCH AREA
COMMITTEE

– Secretariat –

ERAC 1208/12

NOTE

To: ERAC delegations

Subject: Draft summary conclusions of the 11th meeting of ERAC, held in Limassol (CY) on 6-7 September 2012¹

Present: Austria, Belgium, Cyprus, Denmark, Estonia, European Commission, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Latvia, Lithuania, Luxembourg, Malta, Moldova, Montenegro, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom (31).

Absent: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Faroe Islands, Former Yugoslav Republic of Macedonia, Liechtenstein, Romania, Serbia, Turkey (11).

Chair: Anneli Pauli.

1. Adoption of the provisional agenda

The Committee adopted the provisional agenda.

¹ Please refer to the ERAC website for all PowerPoint presentations given at the meeting and for the Commission documents circulated to you ahead of the meeting (follow the following link: <http://www.consilium.europa.eu/policies/era/erac/erac-plenary-meetings/11th-erac-meeting-6-7-september-2012>).

2. Approval of the draft summary conclusions of the 10th meeting of ERAC, held in Horsens (DK) on 14-15 June 2012

The Committee approved the draft summary conclusions of the 10th meeting.

3. Standing information point

The Commission presented a Note on the results of a recent study commissioned by DG Research and Innovation (DG RTD) on joint R&D programmes in Europe, called "Investments in joint and open R&D programmes and analysis of their economic impact ("JOREP"). In this study, joint programmes are defined as research funding programmes for which at least one of the key programme functions (i.e. mission statement, call for proposals, evaluation and selection, or funding and contract management) is shared between at least two countries. The detailed methodology and analysis of the study will be published by DG RTD towards the end of 2012.

Delegations asked questions about the criteria for selecting the "representative set of 11 European countries" for the study (p. 1 of the Note) and about the basis for the funding volumes given in the Note.

The Commission replied that existing figures for project funding were used. DE observed that it is willing to provide data on joint programmes (project funding only) in future data collections organised by the Commission.

AT noted that it was not included in the JOREP study and asked the Commission for a copy of the complete study. AT promised to provide appropriate input.

BE observed that the GBAORD funding figures on p. 4 of the Note were not reliable because they excluded European Space Agency funding. The real funding volume was said to be much higher.

The Commission replied that JOREP does include European Space Agency (ESA) funding and this is included in the figures on p 4 of the note. JOREP also presents some figures and graphs excluding ESA because the latter represents 80% of funding of joint programmes in Europe. It is therefore necessary to present the data without ESA to have a better description of the non-ESA programmes.

CH asked if a distinction had been made between direct research funding and organisational costs. The Commission undertook to reply to this question later.

4. Implementation and monitoring of the Innovation Union in the context of Europe 2020

4.1 R&I policy monitoring: next steps towards Research and Innovation Observatory - Presentation and discussion

Following on from the initial discussion at the June meeting of the Committee, the Commission (DG RTD and the Joint Research Centre) presented the plans for the development of the Research and Innovation Observatory, including the needs assessment and the scope for production and analysis of quantitative and qualitative data on R&I policies and performance. An overview of the modular system architecture was presented. Details of the IU and ERA module and aggregation of the different data sources were outlined. Indications on the transition for existing tools (e.g. ERAWATCH, NETWATCH) were given.

Delegations welcomed the initiative, calling it an ambitious project that could produce economies of scale. The main issues raised by delegations were: (1) the range of activities to be monitored, (2) the need, in setting up the Observatory, to gather data *from regions* as well as from national and international data gatherers, (3) the need to identify clearly the information needs of the core users in setting up the Observatory and to better define the role of MS and ACs and ERAC Members in setting up links between the Observatory and correspondents in national or regional administrations, (4) the need to clearly identify

interlocutors in MS in order to get the right data, (5) the fact that ERAC's role in the Observatory would be limited, (6) the need to ensure appropriate linkage with existing pertinent data bases (in particular Eurostat and the OECD's Innovation Platform), (7) the need for open access and user-friendliness of the Observatory, (8) the need for the Commission to provide assurances on the viability of the Observatory, (9) satisfaction over the involvement of Associated Countries (ACs), (10) the need to ensure the quality of the data provided and the scientific soundness of the methodologies employed, (11) the question of whether national data gathering systems would have to be adapted to the Observatory system. Delegations also emphasised the importance of the new Observatory superseding the current diversity of R&I information systems.

The Chair invited delegates to make contributions / comments in writing by the end of September. The vice Chair made a brief intervention, noting that the ERAC Steering Board would reflect on the possible role of ERAC in the R&I Observatory.

4.2 Results of the 2012 questionnaire on R&D investment and policy measures by EU Member States and of Associated Countries - Presentation and short discussion

The Commission presented the results of the 2012 questionnaire. This is the third questionnaire of its kind. It follows the Committee's decision from October 2011 to conduct surveys on R&D investment and policy measures. The questions were sent to MS and ACs on 14 May. By July, the Commission had received completed questionnaires from 26 MS and 6 AC.

The principal conclusions to be drawn from the replies to the questionnaire are that in 2011 about half of the MS increased their R&D spending level. In spite of budgetary constraints, many MS have taken public measures in support of research and innovation and have protected their public R&D spending as part of their smart fiscal consolidation. Having said this, there are considerable differences among MS. In general, countries with moderate or weak R&D spending before the crisis have decreased their efforts even further. On the other hand, countries with low R&D spending are committed to increase their efforts in the future.

The next questionnaire is set to be launched mid-2013. Particular attention will be given to R&D tax incentives and extra-budgetary support.

Delegations commented that (1) tax measures should be included in the survey (although it was also observed that tax incentives in MS and AC were difficult to list and compare), (2) it was administratively difficult for MS to provide data on R&D investment and policy measures on an annual basis, (3) it was difficult to give reliable forecasts, given the current economic instability, (4) the fact that a lowering of national R&D investments cannot be compensated by structural funds (these are reduced as national investments go down: the co-financing mechanism).

The Commission replied that delegations had raised relevant issues: (1) On the annual provision of data: the Commission will look into this; (2) Tax systems were indeed very different across MS and it was difficult to factor them in a reliable manner; Eurostat is working on a methodology for this; (3) The structural funds issue, while pertinent in a broader perspective, takes the questionnaire beyond its original context, which was to see how MS' and ACs' R&D spending was influenced by the economic crisis in 2010.

The Commission would send an updated note and presentation, incorporating the responses of all Member States and some of the specific comments raised.

4.3 Innovation Headline Indicator – state of play

The Commission explained that the Innovation Headline Indicator is part of the science, technology and innovation (STI) monitoring system set up by the Commission for the 2010-2020 period. The Indicator indicates *where the EU wants to go*, the Innovation Union Competitiveness Report indicates *how* the EU should reach these headline targets, while the annual Innovation Union Scoreboard indicates *where the EU stands*.

The current proposal for the Indicator has been developed in the context of the EU 2020 strategy and is the result of a joint effort by DG RTD, Eurostat, DG ENTR and the OECD.

The Indicator should inform on the capacity of an economy to create and maintain high-quality jobs in economic sectors that are promising in terms of innovation, growth and employment. The Indicator thus combines the identification of high-growth enterprises (i.e. those that have an average annual employment growth of over 10% over a 3-year period) and the innovation dimension.

The Commission presented the various criteria that the indicator should fulfil to respond to the Council objectives, in particular to cover the whole economy, to be adapted to the diversity of the Member States economy and to complement the R&D intensity indicator. The Commission also explained the methodology of the Indicator, gave a description of the different modules (high-growth firms, innovativeness, knowledge intensity and productivity of sectors) used to build it, and outlined the timetable for producing the Indicator, which is expected to be released by the end of 2012 / beginning of 2013 (Eurostat collected data on high-growth enterprises in 2011 for the first time, a second round of data collection will end in mid-September of this year). This second data collection will give a time series needed to assess the robustness of the indicator's options.

In their comments, delegations supported the approach described and the different modules presented. Several delegations shared the view that it is important to take into account different economic structures in MS and supported in that respect the orientation to base the indicator on sectoral data. Delegations were positive about the shift from (traditional) *input indicators* to *output indicators* (which is what the indicator will be).

Some delegations expressed doubts about the definition of high-growth enterprises (which was said to lead to an inaccurate picture of growth figures in some MS). DE and SE indicated that, while they recognise the role of fast growing enterprises, they pointed at the risk that an indicator mostly based on that category of firms would not be representative of the whole economy, which was one of the criteria identified by the Commission.

The Commission replied that the definition of high-growth enterprises used for the indicator is based on the work of the joint OECD/Eurostat programme "Entrepreneurship Indicators Programme" which has established a reliable and internationally recognised definition of high-growth enterprises. Regarding the representativeness of the economy, the Commission took note and will reflect on how to address the issue in its proposal.

These issues could be further discussed at the forthcoming Member States' workshop where participation from the ministries involved in innovation policy development and from the national statistical offices would be helpful to ensure the best result.

5. Presentation of research and innovation policy in Cyprus

The CY Presidency presented research and innovation policy in Cyprus to the Committee.

6. ERA policy

6.1 ERA Communication: discussion on follow-up

On 17 July, the Commission adopted the Communication "A reinforced European Research Area Partnership for Excellence and Growth"². At that occasion, the Commission and five major research organisations committed themselves to take action, each within their remit, to deliver on some of the key ERA objectives. The Council is due to have an orientation debate on 10-11 October and to adopt conclusions on the Communication at the December Competitiveness Council as a basis for the implementation of the proposed actions by MS. There will also be a dedicated ERA conference on 14 November in Cyprus.

On the basis of the Communication and the Council's expected political endorsement, MS are expected to start implementing the ERA recommendations. The Commission will also work with the stakeholder organisations mentioned above who committed themselves to deliver on key ERA objectives.

The Commission explained the mechanism for monitoring the implementation of ERA actions. As far as ERAC is concerned, it was suggested Committee Members could be instrumental in ensuring political support by the Council for the ERA policy cycle, notably in the context of National Reform Programmes. ERAC's Provisional Work Programme could follow the relevant actions foreseen in the ERA Communication, including by input of ERA-related groups. The Committee could also share best practices in order to get the best information, identify data sources, mobilise national services etc. ERAC's strategic advice to Commission and/or Council could benefit from the ERA Monitoring Mechanism (EMM) and the Research and Innovation Observatory (see Item 4.1) for input to the ERA progress report and next steps. Finally, ERAC could also contribute to policy learning and implementation by sharing best practises on the implementation of ERA actions.

² Doc. 12848/12 of 23 July 2012.

In their comments, delegations emphasised (1) the primary responsibility of MS to set priorities in implementing ERA on the basis of the Communication, as well as to monitor this, although the Commission could provide valuable assistance to MS. Several delegations mentioned they had started national processes of dialogue and consultation, with a view to assess their situation and the need for additional measures. Delegations also commented on (2) the importance of efficiency of national research systems and of cross-border administrative cooperation (apart from the political agreement to go ahead with ERA), (3) the question of how the Commission's baseline study fits in with the consultation of and the data gathered from interested parties (what if there are any contradictions?, which data get priority in that case?), (4) the need for MS to identify gaps in their own official statistics and existing data before the baseline study is carried out. It was also stressed that (5) cooperation needs to grow organically and cannot be enforced. One delegation observed (6) that international cooperation needed to be included in the ERA Communication. (7) ERAC's cooperation with other ERA-related groups needed to be improved through regular discussions. (8) The Communication was said by one delegation to be unbalanced, as innovation and the exploitation of research results were not included. Several delegations pointed out that a bridge had to be built between knowledge and competitiveness (the issue of key enabling technologies was cited). (9) Observers from the ACs, supported by one MS delegation, considered that they need to be involved in the follow-up of the ERA Communication, as they are involved in the current Framework Programme. (10). A number of delegations indicated their priorities within the proposed ERA key priorities and related actions. The importance of cross-border cooperation was in particular emphasised; several ACs already had joint programmes and infrastructures.

The Commission replied that the ERA Communication does not cover all possible issues, but is focussing on actions and deliverables with the highest impact, also in their mutually reinforcing effect, to complete ERA by 2014. International cooperation would be the subject of a separate communication that would be adopted shortly³ and the announced Recommendation on gender equality is foreseen for the 2nd half of 2013. On the exploitation of research results to increase the EU's competitiveness: Many actions to deal with this were

³ Communication from the Commission to the Council and the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Enhancing and focusing EU international cooperation in research and innovation: A strategic approach (doc. 14000/12 of 20 September 2012) (Note added by the ERAC Secretariat.)

included in the Innovation Union and it was decided on purpose not to duplicate both initiatives. On monitoring: The Commission clarified the milestones in the monitoring and policy cycle, and indicated that the main role of the Commission would be to gather data and identify progress. *Gaps in the monitoring* will be discussed with Member States and Associated Countries at the ERAC seminar planned for spring 2013. On the relation between structural funds and ERA: following political instructions, the Commission services were aiming at aligning all EU policies; structural funds are now geared more towards supporting research and innovation and DG RTD is working with DG REGIO to see how this support could be improved. On the survey of research funding and research performing organisations that the Commission had announced as part of the monitoring mechanism: This would include the wider community of research actors in Europe and the members of the organisations with whom a joint statement or a memorandum of understanding had been signed.

The Chair noted that the communication between the Commission and delegations on the monitoring issues should be seen in the wider context of R&I policy monitoring and further discussed at the next steering Board meeting. Furthermore, there will be an opportunity for the Committee to engage itself in a wider dialogue on ERA monitoring early 2013.

6.2 Cross border operation of research-performing organisations

A number of European and national associations representing research performing organisations⁴ had been invited to the meeting to present their findings on cross-border cooperation of research-performing organisations (CBC RPO). This was the first time ever external parties had been invited to part of an ERAC meeting.

A paper had been distributed to delegations with a number of cases of successful European cross-border cooperation and related points for discussion, with a particular emphasis on the challenges that parties involved had to face. This included cooperation between parties in neighbouring countries.⁵

⁴ The European University Association (EUA), the European Association of Research and Technology Organisations (EARTO), the German Rectors' Conference (HRK), the Association of Swedish Higher Education (SUHF) and Research Institutes of Sweden (RISE).

⁵ Cross-border cooperation among research-performing organisations: Learning from difficult success stories for achieving the European Research Area (doc. 1205/12 of 27 August 2012).

The associations presented their perspective on CBC RPO.

EUA (John Smith) explained how EUA had supported the European Energy Research Alliance of the SET Plan based on its database of multi-disciplinary research and training strengths of European universities.

EARTO (Christopher Hull) summarised the case studies of the Fraunhofer Gesellschaft in terms of developing a European and an international strategy. The Interuniversity Microelectronics Centre (IMEC) in Belgium and the Netherlands Organisation for Applied Scientific Research (TNO) had developed the Holst Centre, which was an open innovation environment that includes industrial partners; both initiatives highlighted the need for a long-term approach and evaluating the return on public investment.

RISE (Olof Sandberg) gave details of the AERTOs project, which developed cooperation beyond projects between RTOs, noting that seed funding was needed to initiate such actions. HRK (Gerhard Duda) gave examples of near-cross border-activities covering the knowledge triangle with tailored support programmes using regional funds; such cooperation often ran into obstacles but the solutions that were found could inspire ERA policy (and ERA policy could in its turn contribute to solutions);

The Association of Swedish Higher Education (Marianne Granfelt) gave the example of coordination in the Öresund Region, which had started with student exchanges and was followed by projects, sharing of infrastructures etc. It was difficult to raise funding for their ambitions and the introduction of student fees in Denmark had restricted student mobility.

Delegations made the following comments: (1) the presentation of the Fraunhofer Gesellschaft activities in the paper distributed included some inaccuracies and DE would send suggestions for text changes. (2) The CBC RPO initiative at ERAC was welcomed very much, as it was thought to have considerable potential for ERA; Horizon 2020 should encourage CBC, in particular projects that dealt with societal challenges. (3) The CBC RPO project was a good follow-up to the 2011 ERAC opinion on ERA instruments⁶. There should be a shift away from a project approach to a programme approach in Horizon 2020. (4) A plea was made for an ERAC opinion on this. (5) CBC RPO demonstrated that there was much more going on in the field of cross-border cooperation than was known at present

⁶ ERAC Opinion on ERA-related instruments (doc. ERAC 1208/11 of 26 May 2011).

(cf. for instance the JOREP study (see above under 3. Standing Information Point)). (6) Nowadays governments were looking for a return on their investment in research and CBC needed to evaluate the return on public investment of such activities. (7) A call was made for a more comprehensive study on CBC so that MS could learn from successful examples (there was experience but no firm and systematic evidence). (8) There was some evidence that near-cross-border cooperation was more successful than "long-distance" CBC. (9) There were complaints from the private sector that government sponsored research and technology organisations (RTOs, in particular the EARTO members) had an unfair competitive advantage. (10) One delegation considered there was no need for new instruments as the Knowledge and Innovation Communities (KICs) of the European Institute for Innovation and Technology (EIT) were able to support CBC initiatives. There was, however, a need for a common understanding about the aim of this kind of collaboration and for common standards. (11) Although CBC RPO deserved support, it should remain a bottom-up phenomenon that should not be forced upon RPOs by governments; nor should it become an aim in itself, excellent research remaining the desired achievement. (12) DE stated that not all CBC RPO initiatives run into the sort of problems mentioned in the paper and the message should be more positive. A 7-step analysis of/approach to CBC RPO could be considered: 1) No cooperation at all; 2) RPOs should learn from each other; 3) Academic cooperation, grants and students exchange; 4) Start projects in research; 5) attract industry 6) Joint, collaborative research,; 7) The setting up of clusters such as the EIT's KICs;

The Vice-Chair of the Committee, under whose guidance the CBC RPO had so far been conducted, concluded the debate as follows:

- The initial overview presented at this meeting demonstrated that there was a lack of quantitative and qualitative data on CBC that needs to be addressed. In any case, there appears to be much more CBC than is publicly known at present. The Commission was asked if it could assist in gathering more CBC details, possibly by working together with the CBC RPO representatives.
- ERAC could look into ways of facilitating CBC without however interfering with it.

- Judging from the debate, near-cross-border cooperation appears to offer better prospects than long-distance cooperation and the focus of any future ERAC work should perhaps have a particular emphasis on near-cross-border cooperation.
- The European Energy Research Alliance of the SET Plan mentioned by EUA might serve as an example for similar initiatives in the field of societal challenges.
- The 7-step approach appeared to be a viable one and the Steering Board might pick up this idea and present it in more detail at the November meeting of ERAC.

The Chair undertook to raise the possibility of further work on CBC RPO at the SB meeting(s) in October and said this might be included in ERAC's Provisional Work Programme 2012-2014 if delegations felt this was appropriate. The Chair agreed that the magnitude of CBC RPO ought to be clarified and asked the Commission services if they were able to conduct a study into near-cross-border cooperation.

7. Mandate / Rules of Procedure/ administrative issues

7.1 Update of Provisional Work Programme 2012-2014

The Vice-Chair pointed out that the Provisional Work Programme 2012-2014 (PWP) included an emphasis on increased coordination across the groups in order to ensure that the different elements of ERA governance complement one another, work in an efficient and effective way, and address both research and innovation policy issues. Such interactions have been foreseen and the mechanisms are to be further developed to ensure that they add value and are more than just information / presentations at the meeting.

The PWP reflects ERAC's role in the annual monitoring of the Innovation Union and the policy cycle implementation, including advice on the broad orientations for setting up the ERA monitoring mechanism and the Research and Innovation Observatory.

There are also research and innovation aspects in the European Semester, in particular priorities in the Annual Growth Survey and the Country-Specific Recommendations, which include R&I issues. Policy issues raised from this work can contribute to the mutual learning activities.

The Vice-Chair asked delegations to come up with suggestions for updating the PWP within ten working days, following earlier discussions on ERA monitoring, the follow-up to the ERA Communication and the CBC RPO debate, which are all likely to have an impact on the PWP.

7.2 Review of the ERAC Mandate

ERAC's Steering Board (SB) will prepare the debate on the review of the ERAC mandate at the November meeting. A dedicated seminar will be held on 2 October to which all delegations will be invited. Mr Krzysztof Gulda will be appointed as rapporteur for the review. Mr Gulda presented the timetable and methodology for the review and emphasised the need for full transparency.

Delegations commented that (1) the Chairs of other ERA-related groups, Council Presidencies since May 2010 and the Commissioner for Research, Innovation and Science might also be asked to give their opinion on the current mandate, and (2) European research stakeholders might also be consulted.

The Chair replied that the SB and the October seminar on the review would consider these suggestions and called on delegations to register for the seminar. Questions on the mandate would be sent to delegations, which would allow them to provide input if they were unable to attend the seminar.

8. Any other business

As the present meeting was the last meeting at which Mr Bjarne Kirsebom acted as Vice-Chair of the Committee, the Chair thanked Mr Kirsebom for all the work he had done for the Committee during the many years of his membership.

8.1 Next ERAC meeting

The next ERAC meeting will be held on 16 November in Brussels. The SB will draw up the provisional annotated agenda of the next meeting on the basis of the provisional work programme.

NB: To reduce costs, only documents produced in the week preceding the meeting will be available in the meeting room.