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From:	Presidency
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Subject:	Draft Council conclusions on Research and Innovation as sources of renewed growth - Presidency text

Delegations will find attached a Presidency text on the Draft Council conclusions on Research and Innovation as sources of renewed growth with a view to the Research Working Party meeting on 27 October 2014.

**DRAFT COUNCIL CONCLUSIONS ON RESEARCH AND INNOVATION AS SOURCES
OF RENEWED GROWTH**

THE COUNCIL OF THE EUROPEAN UNION

RECALLING

- Its Conclusions of 26 November 2010¹ on the "Europe 2020 Flagship Initiative 'Innovation Union': Accelerating the transformation of Europe through innovation in a fast changing world", confirming the importance of a strategic and integrated approach to innovation with the right conditions for a globally competitive innovation environment in Europe, while maximising the impact and efficiency of resources;
- Its Conclusions of 11 December 2012², endorsing the Commission Communication on "A reinforced European Research Area partnership for excellence and growth", reaffirming that a well functioning ERA is necessary to increase the level of excellence of Europe's public research system and to maximise the return on public R&D investments;
- The Conclusions of the **European Council** of 24-25 October 2013³, stating that investments in research and innovation fuel productivity and growth and are key for job creation while noting the need to accelerate structural reforms of national R&I systems;
- The 2014 Annual Growth Survey⁴, with its emphasis on the need to sustain and, where possible, promote growth-enhancing expenditures within Member States' overall fiscal consolidation efforts, and on improving the quality of public spending.

¹ Doc. 17165/10
² Doc. 17649/12
³ Doc. EUCO 169/13
⁴ Doc. 15803/13

1. WELCOMES the Commission Communication on "Research and Innovation as sources of renewed growth"⁵ and the accompanying "State of the Innovation Union - Taking stock 2010-2014" report⁶ and ACKNOWLEDGES that most of the new and future growth opportunities will come from providing new products, technologies and services emerging from scientific and technological breakthroughs, new processes and business models, as well as from innovation in its broadest sense.
2. RECOGNISES the fundamental role of public and private investments in R&I and that they are influenced by a number of framework conditions, such as the degree of (product, labour and financial) market regulation, the proper use of public procurement, the availability of advanced physical and digital infrastructures, the degree of effectiveness of intellectual property rights instruments and procedures, as well as the availability of developed venture capital markets and R&I supportive financial instruments.

Quality, efficiency and effectiveness of public spending on research and innovation

3. RECOGNISES the importance of maximising impact from public spending by improving its quality through implementing relevant reforms of national research and innovation systems, including by enhancing the leverage effect of public spending on private investment.
4. STRESSES the importance of creating framework conditions to enhance the quality, efficiency and effectiveness of public R&I spending, including simplification efforts at administrative and legislative level, robust evaluation and peer-review systems, as well as the improvement of the necessary conditions for trans-national cooperation at national and EU level.

⁵ Doc. 10897/14

⁶ Doc. 10897/14 ADD1

5. UNDERLINES that actions improving the quality of R&I spending and ensuring economic and societal impacts are a continuous process and need to be tailored to the characteristics of each Member State and should be aligned with the European Semester exercise as the necessary framework to implement smart fiscal consolidation and growth-friendly measures promoting and financing R&I at national and EU level, as well as a dedicated focus on reforms of education systems and institutions.

Priority axes for action and reform

6. NOTES the need for comprehensive **strategies** at national level, encompassing both research and innovation activities, and STRESSES the importance of focusing resources on a limited number of R&I policy measures based on key strengths and opportunities of each Member State, also through the Smart Specialisation Strategies, supported by the European Structural and Investment Funds.
7. ACKNOWLEDGES the need of improving the focus of both EU and national R&I **programmes** on key societal challenges (e.g. as identified in Horizon 2020) while ENCOURAGES a better coordination of priorities and activities between Member States to increase the impact of public investment in a given R&I area through, for instance, the joint programming process and, where possible, the alignment of national research and innovation agendas.
8. WELCOMES the incentives from the Commission, mainly through Horizon 2020, which are fundamental to support the coordination of national programmes and the cooperation between Member States; RECOGNISES the need of further efforts to achieve the critical mass to tackle the societal challenges, taking also into account **research infrastructures and human resources** as an essential contribution to be integrated with joint funding.
9. AFFIRMS its wish towards the optimisation of resources from **public institutions** performing research and innovation by promoting also their entrepreneurship and the transfer of knowledge and support to the private sector, including small and medium-sized enterprises, while focusing on activities with great socio-economic impact.

10. STRESSES the importance of developing the EU's **human capital base** for the future of R&I in Europe by supporting Member State reforms in education and academia as a key component to promote growth, competitiveness and jobs, fostering improvements towards project-based and problem-solving learning, interpersonal, entrepreneurship, digital, and innovation-related skills and attitudes.
11. INVITES the Commission to review the current available tools to assess the quality and effectiveness of R&I reforms and ASKS the Commission to fully exploit the future Policy Support Facility foreseen in Horizon 2020 to support Member States in designing, implementing and evaluating their research and innovation reforms, and to build up the Research and Innovation Observatory to provide data, analysis and intelligence on research and innovation policy and performance at EU, national and regional levels, as well as to promote further research to build the evidence base for R&I policy making and for budgetary decision making.
12. NOTES both the widespread need of structural reforms within Member States and the EU, and the difficulties encountered by Member States to fully support R&I allocations and, therefore, CALLS for out-of-ordinary additional efforts to foster innovation and growth, and to promote an effective research area at national and EU level.
13. INVITES Member States to take the necessary steps to make progress on reforms in national research and innovation systems leading to the promotion of quality, impact, efficiency and effectiveness of public spending on research and innovation and to the development of a human-resource base equipped with the necessary research and innovation skills.
14. INVITES Member States to undertake mutual learning and peer reviews to help them progress on these reforms.
15. INVITES Member States and the Commission to take the necessary steps to improve framework conditions needed to enhance business investment in R&I, notably through tackling fragmentation and inefficiencies in the Single Market, diversifying access to finance, making the public sector more demanding of innovation, and improving the human-resource base in the EU with greater innovation and entrepreneurial skills.

16. INVITES Member States to maintain or, where possible, increase their level of investments in R&I and to put in place strategies and measures for enhancing their quality and for strengthening the synergies between European, national and regional research programmes while reinforcing the trans-national cooperation at national and EU level and creating a friendly environment for private investments in R&I.
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