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*21 st Annual Conference of the European Foundation
Centre "Foundations in Europe: A conversation with
the institutions"*

*Policy Brief
EU policies and priorities in the field of research and
innovation
The role of foundations in ERA*

*3 June 2010, 15h00
Square Brussels Meeting Centre
Mont des Arts 22
1000 Brussels*

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SPEAKING POINTS

1) Europe 2020 Strategy

- As you probably know, at the Spring European Council, the European Heads of State and Government endorsed a new strategy "**Europe 2020**". This strategy outlines the policy priorities and the initiatives to be taken over the next five to ten years to face a double challenge: allow the EU to exit from the crisis and to do so in a way that allows Europe to enter into a new economy: a smarter, a greener and a more inclusive economy, delivering high levels of employment, productivity and social cohesion.
- **Research and Innovation** are at the very heart of the "Europe 2020" strategy. They are crucial to deliver new sources of growth and sustainable jobs, to replace those which have been lost, and thus to help a sustainable recovery from the current economic crisis.

2) The "Innovation Union" Flagship initiative

- The "Europe 2020" agenda consists of a series of flagship initiatives (7 in total). The centrality of Research and Innovation as

a key drivers of growth and jobs is clear across the whole "Europe 2020" strategy but particularly in the **“Innovation Union” flagship initiative**. Innovation understood as the improvement of our economy and society's ability to tackle the grave challenges facing our life in energy, climate change, health and demography.

- This is why the "Innovation Union" initiative will involve a strong focusing of R&D and innovation policy on **major societal challenges** and closing the gap between science and the market. In fact, the full economic and societal benefits of the main initiatives included in "Europe 2020" strategy will materialise only if the innovation web, from research to retail, functions properly and if every link is reinforced.

3) Research and Innovation Strategy

- The first step toward the realisation of this Innovation Union will be a far-reaching **Research and Innovation Strategy** to be presented by the Commission in September 2010 and discussed by the Heads of State and Government at the Autumn European Council (October 2010).
- In key areas connected with **major societal challenges**, the strategy will announce the launch of a number of **new strategic initiatives** of European interest aimed at solving particular

problems. For example, in the health sector, the low energy sector or a water sector, research and innovation can lead to life-changing improvements for millions of people both in Europe and globally. These kinds of strategic initiatives that we call **European Research and Innovation partnerships**, will synchronise large scale R&D efforts on the supply-side with demand-side actions such as public procurement, standard-setting and regulation where appropriate.

- To muster research and innovation investments of appropriate scale and coherence, Europe will need to mobilise its capacities and pool regional, national and EU resources, as well as **leveraging private investment**.

(a) *R&I Strategy – Realising the European Research Area and a single market for research and innovation*

- The completion of ERA is one of the key priorities of the Innovation Union initiative of the Europe 2020 strategy. In fact, it is of utmost importance to develop a unified and attractive ERA, which guarantees the so-called "**fifth freedom**" in Europe, which means the free movement of researchers, knowledge and technology.

- Since the publication in 2007 of a "Green Paper on ERA" and a far-reaching public consultation, the European research policy has entered a new phase of development based on a common vision and improved governance of the ERA.
- **5 major ERA partnership initiatives** have been launched with the following aims:
 - to increase the number, quality and mobility of **European researchers** and enhance Europe's attractiveness to researchers.
 - to make research in Europe more strategic and more effective through Member States coming together to discuss common visions, prepare strategic research agendas on major societal challenges and set up **joint programming initiatives** (JPIs) to implement these agendas.
 - to support the development of a European policy for world-class research infrastructures, implementing in particular the new Community legal framework for a **European Research Infrastructure** (ERIC) that has been developed to facilitate the joint establishment and operation of new European infrastructures between Member States.
 - to improve the exploitation of the results of public research by building on and implementing the Commission Recommendation and Council Resolution on the

management of intellectual property in **knowledge transfer** activities.

- to open ERA to the world notably through establishing a common strategy at European level for **international science and technology (S&T) cooperation** between Member States and the EU with third countries.
- In addition, other activities are underway to support national authorities and universities in the implementation of the EU "modernisation agenda for universities" policy launched in 2006.
- Of course, ERA is much, much more than our five initiatives. We are planning to come forward in **2011** with a **new ERA Action Plan**, with concrete actions to support the implementation of the European Research and Innovation Strategy, a stocktaking of ongoing partnership initiatives and an analysis of remaining obstacles and bottlenecks to remove.
- We must ensure that **excellence** is at the heart of the EU research policy. We want to develop the full potential of the **European Research Council** and continue to fund frontier research on the basis of merit alone.
- But having a large and an excellent knowledge base will not be enough. More widely, we must build a fully functioning '**Single Market for Research and Innovation**' without the bottlenecks

that prevent bright ideas from reaching the market and benefitting Europe as a whole. To realise this, we will address key issues such as access to finance, standards, public procurement and cross-border investments. We have to mobilise also other policies with profound impacts on the conditions and incentives for research and innovation, such as competition rules, fiscal and tax policies and the internal market.

- This is an ambitious and challenging agenda that will require **joint efforts and resources** from everyone. The societal challenges we face cannot be tackled efficiently through isolated efforts. They require a **coordinated response from all actors** in research and innovation to **increase research investments**, to **address the fragmentation** of research efforts, and to **improve linkages between the actors** supporting, performing and using research. We will need to encourage the different actors to co-operate and to mobilise public and private funding and to find new formulas to spend public money more efficiently and in a simple way.

4) The role of foundations in the ERA

- Public-benefit foundations that you represent constitute **the third funding source in ERA alongside public and industrial funding** of research. Foundations are private entities serving

public goals and as such already represent a tremendous force for public benefit research good.

- Indeed, scientific research has always benefited from the philanthropic patronage of foundations, trusts and other non profit organisations. You bring with you not only additional funding for research but also special competences. Thanks to your independence and the long-term nature of your funding, you are in a very good position to **take risks** and to **innovate in how and where research can be undertaken and funded**. You also **complement the work of governments** in a number of ways, by acting where the state and industry do not and bridging gaps in areas that have been overlooked.
- Thanks to your **close interface with society**, you are valuable actors in improving the connections between science and society. You help to create a widespread interest for research among **Europe's citizens**, to encourage their **broader engagement** not only as stakeholders but also as supporters and funders of research, and thus, help to build a true "**culture of giving**" for **research in Europe**.
- To generate more private financing of research, a mentality change is needed in societies across the EU. Individuals and private organisations have to be made aware of the importance of

research and innovation for improving their lives, and the resulting need for giving in this area.

- In this regard, we look forward to discuss with you and other actors dedicated to promoting science in society, the feasibility of developing **EU-wide "giving to research and innovation" campaigns** focusing on the main societal challenges to which the citizens can strongly relate. In effect, it would be about re-energising the ancient tradition of philanthropy for education and research in Europe for contemporary needs. It could also be an excellent opportunity to showcase the work and important contribution of foundations to European society.
- As a number of successful examples show, there is room for public authorities at EU and national level to help to **increase the flow of funds from philanthropic sources to research in Europe**. Through improved **framework conditions** and specific **incentives**, public authorities can encourage donations to public research institutions and private non-profit R&D organizations, increase investing in research by existing foundations and encourage the creation of new research foundations by the corporate sector or individuals.
- In order to provide national policy makers with an opportunity to discuss practices and policies to strengthen philanthropic funding of research, we are organising, together with the Belgian

Presidency and in cooperation with the King Baudouin Foundation and the European Foundation Centre, a first ever **mutual learning workshop on 13 October** this year. We hope it will be the first of a series of workshops paving the way to a more **sustained dialogue between policy makers and foundations** on the means of improving and increasing philanthropic support to research in Europe.

- In parallel, we encourage foundations to enhance their **cross-border and co-ordinated operations**, especially in the areas of major societal challenges requiring significant scale and scope. We are ready to explore with you the need and added value of a **dedicated EU support for transnational joint research projects by foundations**.
- As the results of the "Feasibility study on a European Foundation Statute" show, foundations funding research are still **largely confined within national and even regional borders** and this despite their growing interest in cross-border activities. The development of a transnational and European culture of research funding by foundations is notably hampered by **legal and fiscal barriers**.
- As regards **discriminatory tax treatment of foreign-based public-benefit organisations**, a series of **infringement procedures** against the Member States concerned have been

launched by the Commission. Several among them have already amended their national laws in order to comply with the EC law. We have already invited Member States to support a common approach to two issues: firstly, the tax treatment of foundations, irrespective of where they are established in the EU, and secondly, to the definition of public-benefit organisations.

- Commission Services are currently preparing an **Impact Assessment** on the measures that could facilitate cross-border activities of foundations in Europe in general. These possible measures include the **European Foundation Statute**. Decisions on the policy measures will be taken once the work on the Impact Assessment is ready, that will happen likely next year.
- Initiatives such as the creation of a **European Forum on Philanthropy and Research Funding** are clearly of great importance in taking matters forward.
- This Forum provides a **unique platform** to promote **mutual learning and cooperation** between foundations supporting research in Europe and also a powerful vehicle for **mobilizing all other actors** dedicated to promote philanthropic funding of research. I invite all of you to join the Forum if you are not members yet.

- This year, the Forum members will adopt a **new strategic plan** for their activities for **2011-2013**. In this regard, I would like to emphasise the important role that the Forum can play as a catalyst for setting up **cooperative research programmes** between foundations, and also for undertaking **joint actions with other actors** in the research and innovation system at national and European level, especially in connection with major societal challenges.

- The Forum provides you an excellent opportunity to express your views on European research and innovation policies and also on the measures to take to help foundations fulfil their potential and increase their added value to European research.

- Last but surely not least important, the lack of information available on foundations' support to research in Europe is clearly an issue. This hampers a good understanding of the role and the importance they play in the European research landscape. **Improving this information is crucial** to raise visibility of philanthropic support to research, to increase its efficiency and effectiveness, and to improve evidence based decision making.

- Through the FOREMAP project co-funded by the Commission and the European Foundation Centre, a methodology and tools have been developed to map the activities of research foundations

across the EU. A pilot mapping was carried out in 4 European countries in 2009. The FOREMAP project has laid the groundwork for the collection of comparable data on how foundations support science across the EU. The next step will be to expand the mapping to the rest of the EU Member States and develop of **a coordinated system of data collection on research foundations across Europe**. A support from the foundations' sector will be crucial in order to ensure a successful implementation of such a complex data collection.

- Thank you very much for your attention. Now, I will particularly value listening to your views and questions.