

THE EUROPEAN ASSOCIATION OF  
RESEARCH & TECHNOLOGY ORGANISATIONS

# **EARTO 2011-2012**

**A Report on EARTO Activities in 2011  
and First Priorities for 2012**





## FOREWORD FROM THE PRESIDENT OF EARTO



Dear Friends and Colleagues,

We all hoped at the beginning of 2011 that by the end of the year the worst of the economic and financial crisis would at last be behind us. Twelve months later we must fear that there are still difficult times ahead. The European economy as a whole is troubled, even though there are bright spots. I know from talking with many of you during the past year that some of you have experienced difficult moments, with governments cutting budgets and firms postponing research and investment decisions. For many others, though, things have turned out less dramatically than we might have feared. I noted in my foreword last year that some governments have recognized that investment in research and innovation is an investment in the future and a necessary part of an exit strategy from the crisis. And it continues to be true that even in some countries pursuing rigorous austerity policies, research and innovation budgets are being preserved, even increased. That is good news for RTOs, and it challenges us positively to live up to the promise expressed in our new logo:

Impact Delivered!

There is good news, too, in the European Commission's proposals for the *Horizon 2020* Framework Programme for research and innovation, published at the end of November. Commissioner Geoghegan-Quinn has lived up to her promise that the new programme would mark a significant shift – from research to innovation, and with a clear focus on tackling major societal challenges and supporting economic competitiveness. The proposal now on the table allocates some €60bn to meeting those objectives between 2014 and 2020. To quote the Commission's Director-General for Research and Innovation, Robert-Jan Smits, speaking at the award ceremony for the 2011 EARTO Innovation Prize, "Horizon 2020 is a programme tailor-made for RTOs". It is true that there are aspects in the Commission's proposals, particularly as regards the funding modalities, which are not as we would wish, but I am confident that during the coming months our association, working with other stakeholders, will succeed in obtaining the necessary improvements.

As many of you know already, 2011 is also a year of change for me personally. I have had the privilege of leading EARTO, as your President, for almost six years. Now it is time to stand aside and make way for a new President with new ideas. At its meeting in December last, your Executive Board unanimously elected Jan Mengelers, Chairman of the Board of TNO, to succeed me as President from 1<sup>st</sup> January 2012. I look back on my time as your President with satisfaction, because I truly feel that we have succeeded together in advancing the standing of RTOs in Europe, and I feel sure that we shall reap benefits when the new generation of European research and

innovation programmes is launched. I look forward to the future with confidence, too, feeling assured that in the safe hands of Jan Mengelers our association will continue to go from strength to strength.



**Erkki KM Leppävuori**

President and CEO of VTT - Technical Research  
Centre of Finland



Erkki Leppävuori (left) and Jan Mengelers (right)  
at the 2011 EARTO Innovation Prize ceremony

# INTRODUCTION

## FROM THE SECRETARY GENERAL OF EARTO



This past year was dominated by the preparation of the next European Framework Programme for research and innovation, *Horizon 2020* – even if there are still two full years to go before its launch on 1<sup>st</sup> January 2014!

The European policy cycle is long, and complex. Indeed, in a certain sense it is never-ending. Today's FP's are programmed for seven years. Preparations for the next programme begin about halfway through the life-time of the present one, at the time of the mid-term review; that is when first conclusions are drawn about what should be done differently next time.

In 2011 we were in the intensive preparation phase of *Horizon 2020*. What was striking about that phase this time is the openness of the Commission to dialogue with key stakeholders, to which category your association clearly belongs. There were several formal stakeholder consultation meetings during the year as well as informal meetings with senior Commission officials at which we discussed quite openly possible features of the next programme and what they would mean for different stakeholder groups. It was not always like that in the past!

The Commission's *Horizon 2020* proposal is here. But that is far from being the end of the story, more the mid-point. We now go into a negotiation phase which is likely to continue until the summer of 2013. So 2012 is going to be as

busy as 2011 has been. By the middle of this year we expect to have a so-called "general partial agreement" on the new programme – that means an overall consensus on the main policy features. But then comes the nitty-gritty, the "small print": as the saying goes, the devil is in the detail. In the second half of 2012 we can expect technical negotiations about the Rules for Participation. That will happen in parallel with the first reading of the *Horizon 2020* legislation in the European Parliament. If all goes according to plan, everything will be wrapped up following a second parliamentary reading and related decision by the Council of Ministers by the summer of 2013.

But – to continue the story about the policy cycle – that's still not the end of the matter. It often happens that the final legislative texts only get voted

through thanks to compromise wordings, with the consequence that it is only during actual implementation that the real meaning in practice of the legislative texts becomes clear. For an association like EARTO this is the equally critical monitoring phase, which means, in the first place, explaining to members the practical reality, but also, second and when necessary, mobilizing political and stakeholder support in order to push for a different interpretation.

And then we have come more or less full cycle: the next mid-term review is already on the horizon!

The message to you all at this point in the *Horizon 2020* policy cycle is that things look good. Two-thirds of the proposed budget for the new programme is

to be devoted to tackling societal challenges and supporting economic competitiveness – our core business. But there are things in the Commission's first proposals – notably the proposed funding model – that need to be corrected, and I am confident that we shall succeed in doing that. We must also be vigilant during the forthcoming political negotiations that the Commission's innovation objectives are not undermined by the science lobby. Your association and its secretariat are aware of the dangers and we have taken steps to ensure that we shall be equipped to deal with them, as you will read in the following pages.

So, *en route* to the next generation of EU research and innovation

programmes, things look very promising. Let us all work together during the coming year to make sure that they turn out to be equally good in practice.

On a personal note, it has been a pleasure to work with your departing President, Erkki Leppävuori, during these past almost six years. The Association has profited greatly from his commitment and wisdom. I look forward to continuing the good work with your new President, Jan Mengelers, in the months ahead.



**Christopher John Hull**  
Secretary General of  
EARTO

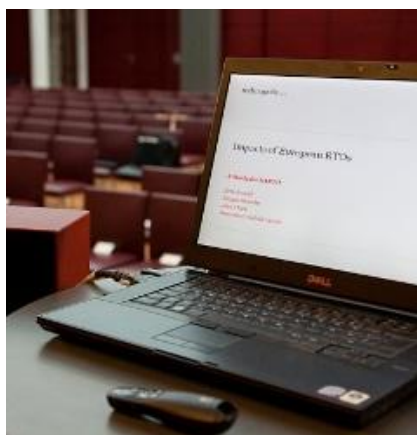


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# HIGHLIGHTS OF THE YEAR



As a follow-up to the **Technopolis Group report on the social and economic impacts of RTOs in Europe**, which EARTO had commissioned in 2010, the Association produced early in 2011 a summary brochure to reinforce the key messages. The brochure has been given wide circulation in Brussels as well as nationally.

Another activity continued from the previous year was the work of the **EARTO Corporate Communications Task Force**, which during the past twelve months has supported the Secretariat in formalizing **EARTO's communication strategy** as well as providing advice on the **redesign of the Association's website and its logo**: they will have gone live by the time this document reaches EARTO members.

On the policy side, the big event of the year was, of course, the publication in November of the **Commission's proposals for the new Framework Programme, Horizon 2020**, due for launch at the start of 2014. During much of 2011, EARTO had the opportunity of many meetings, formal and informal, with senior Commission officials to ensure that they are well aware of RTO interests in relation to the new programme. **Horizon 2020 will continue to be the overriding policy priority in 2012.** EARTO began the past year with a position paper in January on "The Next Generation of EU Research and Innovation Programmes" and ended it in December with a press statement containing a first critical response to the Commission's *Horizon 2020* proposals.



The **EARTO Innovation Prize**, now in its third year, has become a fixed item on the Brussels agenda. Each year it attracts a larger audience of political decision makers and other Brussels-based stakeholders: in 2011 we were joined by over 100 guests. The awards were presented by the Commission's Director-General for Research and Innovation, Robert-Jan Smits, who emphasized in his address the considerable role that RTOs can expect to play in *Horizon 2020*.

That event was also the occasion to publish a **second edition of innovation case studies featuring EARTO members**.

Another fixed event on the EARTO calendar is, of course, the **Association's annual conference**, and we take the opportunity to thank again Technology Partners Foundation for having hosted the 2011 event in Warsaw on 12<sup>th</sup>-13<sup>th</sup> May.



The final highlight of the year is to recall the decision by the **President, Erkki Leppävuori**, not to present himself for re-election after having served for almost two complete three-year terms. He has given much to the Association, and has helped substantially to advance the standing of RTOs in Europe. We are profoundly grateful to him for his energy and wisdom. It is gratifying that the Executive Board of EARTO, after a thorough consultation exercise, unanimously elected **Jan Mengelers, Chairman of TNO, to serve as the new President of EARTO with effect from 1<sup>st</sup> January 2012**.

# **EARTO ACTIVITIES IN 2011**

## SECTION 1 – KEY POLICY PRIORITIES

### The key policy priority in 2011 was tracking the development of *Horizon 2020*

2011 was marked by the first concrete steps in the preparation of the next generation of EU research and innovation programmes. The broad Innovation Union agenda presented in 2010 by the new Commissioner for Research, Innovation and Science, Máire Geoghegan-Quinn, was followed up just over a year later, on 30<sup>th</sup> November 2011, by the **Commission's proposals for the new Framework Programme**, now named *Horizon 2020*.

The new programme promises a radical break with the past:

- a focus on “innovation” rather than “research” - and on achieving real-world impact, not just a further accumulation of scientific output;
- targets of tackling “societal challenges” and bolstering “industrial leadership” – as opposed to the previous programmes’ orientation towards pursuing “thematic research priorities”;
- integration of existing programmes (FP7, CIP, and the EIT) into a single framework;
- extension beyond R&D to “innovation activities” (proof of concept, pilots, demonstrators etc.), and
- substantial simplification of the administrative framework for the new programme, including a simplified funding model.

Monitoring the preparation of *Horizon 2020* was a constant priority throughout 2011. In January already the **Association set out a first position** (*EARTO Position on the Next Generation of European Union Research and Innovation Programmes*), which called for a more strategic approach to research programming (limited number of major research targets, mission-oriented approach, a funding mechanism for strategic cooperation among RTOs).

EARTO's contribution to the **consultation on the future CIP programme** in February proposed extending the closer-to-market CIP sub-programmes on eco-innovation and ICT applications, with their focus on pilots and demonstrators, across the whole of the future Framework Programme.

To support this monitoring work, an **Horizon 2020 Task Force** of all interested EARTO members was formed, which met at roughly two-monthly intervals throughout the year. It acted as a sounding board for the Secretariat and provided a mechanism for collecting views and data, for example on RTO cost structures, which were subsequently fed into Commission discussions.

In parallel to this Task Force, the Secretariat took the lead in setting up a **Working Group of Brussels-based stakeholder organisations with a strong interest in applied research and innovation**, covering fields such as industrial research management, machine-tools manufacturing, electrical

and mechanical engineering, energy research, automotive transport as well as general business and SME interests. This *Thinking about Horizon 2020* group met every two months or so to exchange information and views on current Commission thinking and to discuss lobbying positions.

During the spring, the Commission organized several **formal stakeholder consultation events**, in particular to seek views on issues of administrative simplification, funding rates, and intellectual property management, to which EARTO was systematically invited and in which the Association took a leading role.

In addition to these formal meetings, the EARTO Secretariat had **close contact with senior Commission officials** during the summer months as the *Horizon 2020* proposals were finalized. The broad orientation of the future programme, with roughly two-thirds of its resources focused on tackling societal challenges and bolstering economic competitiveness, was less of an issue than some of the proposals being considered for administrative simplification (particularly the use of flat rates for indirect costs) as well as the overall funding rates.

**EARTO's core objective was to at least maintain FP7's general 75% funding rate for non-profit research organisations as well as real-cost reimbursement of indirect costs.**

The Commission's final proposals, released on 30<sup>th</sup> November, were a deception for EARTO, as for many other stakeholders. Months of careful discussion and preparation, and apparent agreement, were undone during the final days of November at the insistence of the Commission's central legal and budget services, whose

principal concern would appear to be the politics of simplification rather than the real needs of research and innovation. The proposed *Horizon 2020* "single funding model" – 100% of eligible direct costs plus an additional 20% of the same amount as a flat-rate contribution to indirect costs – would imply an average 20% reduction in the funding rate for most RTOs compared with FP7, and the ending of real-cost reimbursement of indirect costs is a clearly retrograde step. **The absolute priority as we enter 2012 will be to work with other stakeholder organisations, national governments, and Members of the European Parliament to ensure a realistic funding regime.**

On December 7<sup>th</sup> already, the EARTO Executive Board issued a **press release criticizing the proposed funding model** as well as seeking clarification on other *Horizon 2020* issues, including the proposed new SBIR-like support scheme for SMEs.

That same EARTO Executive Board meeting also decided to commission a study from **Technopolis Group to benchmark Europe against its major global competitor regions in terms of how public expenditure on research and innovation is invested.**

The study is expected to show that Europe continues to invest relatively high amounts in basic research, while our competitor regions are shifting investment towards closer-to-market innovation deployment activities. The report is due in spring 2012 and will support the Association's continuing *Horizon 2020* lobbying activities.

As regards the substance of the *Horizon 2020* proposals, the Association has consistently argued for a strategic focus on a small number of major societal

challenges, including economic competitiveness. These demands have been largely met. Of particular importance is **Horizon 2020's focus on "enabling and industrial technologies"**.

In 2010 the Commission established a High Level Group on Key Enabling Technologies (KETs), and EARTO was one of a select few stakeholder organisations invited to nominate candidates. Five of the 27 members of the group were EARTO nominees, including the chairman, Jean Therme of CEA. The group's report, released in mid-2011, has had a major impact on the shape of *Horizon 2020*, with €6.7bn being ear-marked to fund research and innovation in KETs (nanotechnology, micro- and nano-electronics, advanced materials, biotechnology, photonics, and advanced manufacturing). One of the striking features of the KETs report is its insistence on the need to fund technology development, pilots and demonstrators, not just research, and this insistence appears to be reflected in the *Horizon 2020* proposals, although questions remain about the budgets which will be available for this purpose.

**Successive EU Framework Programmes have set a target that 15% of the research funding should go to SMEs**, and they have included specific programmes through which SMEs with little or no in-house research capability could contract the services of external research providers. These programmes have been used extensively by many RTOs, which have a particular vocation to support SMEs. However, some in the Commission have considered these SME-specific programmes, involving as they do relatively small projects, as a management burden, and it became apparent during the preparation of

*Horizon 2020* that they would not be continued in the new programme.

During the summer, the Commission organized two formal stakeholder consultation meetings to discuss how best to support innovative SMEs, in one of which EARTO provided a panelist and argued for the retention of an SME-specific programme. This led in its turn to a **workshop organized jointly by EARTO and TAFTIE on Support for High-Growth Potential SMEs**, which took place as a fringe event within the first European Innovation Convention in Brussels on December 5<sup>th</sup>-6<sup>th</sup>. It is pleasing to see that the final *Horizon 2020* proposals retain an **SME-specific instrument, broadly modeled on the US Small Business Innovation Research (SBIR) scheme**, which will provide scope for innovative SMEs to participate in all parts of the new programme targeted at societal challenges and economic competitiveness, and which will allow them to contract the services of RTOs.

One of the political objectives attached to **Horizon 2020 is to forge much stronger complementary links to the EU Structural and Cohesion Funds**.

These earmark large sums of money for research and innovation, even greater than the proposed budget for *Horizon 2020* itself, and there is a broad political agreement that the two families of programmes should work in parallel, *Horizon 2020* funding research *per se*, while the Structural and Cohesion Funds support capacity-building (e.g. research infrastructures, expanded and modernized research facilities, etc.). In the past, however, the complementary operation of these different programmes has often not worked well, in part because of differing administrative frameworks and funding regimes.

During 2010 a Commission Working Party, with EARTO representation, produced recommendations for greater synergies, which will be taken forward in 2012 by a European Parliament Joint Working Group between the research (ITRE) and Regional Policy (REGIO) committees.

Pressure for **simplification of the Framework Programme**, which is to be a hallmark of *Horizon 2020*, grew during 2009 and 2010 as a result of repeated criticism over the years by the European Court of Auditors relating to errors by the Commission and by Framework Programme beneficiaries in the reimbursement of project costs. These criticisms, amplified by Members of the European Parliament, and by the press, resulted ultimately in a generalized demand for less bureaucracy and simpler rules. They also prompted the Commission to launch a sustained campaign of *ex-post* audits of FP6 projects designed to correct past errors and recover monies improperly paid.

The Commission continued in 2011 its campaign of ***ex-post* FP6 project audits**. EARTO was among the most vocal critics of this campaign, which in effect blamed FP beneficiaries for errors which had their origin in the Commission's own management practices. While EARTO was not able to halt the audit campaign, its criticisms generated additional pressure for simplification, which bore first fruit in January 2011, when the Commission adopted a **first package of three simplification measures**, two of which had been repeatedly demanded by EARTO: the use of average personnel costs and the establishment of a "research clearing committee" to ensure a uniform interpretation and application of FP rules and procedures.

EARTO continued during 2011 to assist members in dispute with the Commission over audit procedures and findings. Some EARTO members have succeeded, through insistent argument, in significantly reducing Commission demands for repayment following audit.

The **ongoing review of the Financial Regulation** – the general set of rules governing the management of the EU budget – is directly related to the issue of simplification and, moreover, will be of major significance for the Rules for Participation for *Horizon 2020*, since the definition of eligible costs to be used for the new programme will be the definition established in the revised Financial Regulation. The process of revision of the Financial Regulation will continue in 2012 and will most probably not be completed before mid-year

EARTO maintains contact with leading figures on the European Parliament's BUDG and ITRE committees on these issues and has been successful in proposing modifications to proposed texts. Among the improvements which EARTO has campaigned for and which should be included in the revised Financial Regulation are the possibility for beneficiaries to claim nationally non-recoverable Value Added Tax and the abolition of the requirement to maintain interest-bearing bank accounts, which in its turn should mean abolition of any requirement to maintain separate bank accounts for single projects.

While *Horizon 2020* is in substance a research and innovation programme, it is for the European Commission also a structural reform programme. Two elements of great importance are "Joint Programming" and the "completion of the European Research Area".

**Joint Programming** in the broadest sense means all of those initiatives –

ERA-NETs, Art. 185 initiatives, Joint Programming Initiatives (JPIs), etc. – through which the Commission seeks to encourage Member States to pool their research and innovation resources and activities. This is of importance for RTOs, as for others, since it can significantly affect the subject matter of European research as well as the way in which research is funded, because often divergent national funding rules apply rather than common European ones. The Commission's 2011 Communication on Partnering was a clear signal that it intends to pursue this agenda, and a second wave of JPIs is underway.

EARTO continues to monitor the subject carefully, and in general continues to argue that:

- new initiatives should only be launched when there is real (not just verbal) commitment of resources by Member States, and that
- funding models based on national contributions or budgetary reservations must include compensating mechanisms such that well-qualified players are not excluded from projects because the available national funds are insufficient.

EARTO has also consistently argued that Joint Programming Initiatives will only succeed when mission-driven and supported by carefully prepared medium-term programming (roadmaps). For this reason **the Association has called repeatedly for an instrument to facilitate strategic research alliances among RTOs**. During 2011, a discussion finally began in ERAC (the advisory body comprising representatives of national governments) about whether and how to bring institutionally funded research into the ambit of Joint Programming (which until then had focused primarily

on coordinating national calls for proposals). This could open the door to the idea of strategic research alliances among RTOs.

In parallel, **the AERTOs ERA-NET project launched by a group of EARTO member RTOs** in 2008

continues to build strategic cooperation frameworks among the project's participants. The general approach has been to identify areas of common interest where there are evident potential gains from working together. Examples are joint strategic research agendas on waste management and on technologies for service sector development. The EARTO Secretariat has a small "political" role in the project, because of how it may relate to the broader goal of achieving an instrument for facilitating strategic research cooperation among RTOs generally.

While JPIs are "Public-Public Partnerships", structures like **Joint Technology Initiatives** are "Public-Private Partnerships", to which the Commission may contribute financial support. EARTO has followed their development critically, because there is a risk that they might operate as "closed shops" and because they have freedom to set funding and other conditions which depart from those of the Framework Programme.

**The Association has been particularly critical of the Innovative Medicines Joint Technology Initiative (IMI)** for its one-sided IP-handling policy and, especially, its funding model which reimburses indirect costs at a fixed rate of 20% of eligible direct costs. EARTO, which in 2010 mobilised other stakeholders with an interest in IMI, appears finally to have won the argument that such a flat-rate



reimbursement of indirect costs is uneconomic and therefore a disincentive. The IMI Joint Undertaking has announced that in future full indirect costs may be claimed. It is strikingly **curious that the Commission's Horizon 2020 proposals foresee precisely the 20% fixed rate reimbursement model for indirect costs that IMI has just abandoned as unattractive and inappropriate**

As noted earlier, one of the Innovation Union objectives is to **complete the European Research Area** (by the end of 2014!). EARTO has participated in formal and informal meetings with the European Commission, including a personal meeting with Commissioner Geoghegan-Quinn, to help identify issues of relevance for RTOs. To this end the Association also undertook a survey of EARTO members in February 2011. The major issues of concern to the Commission appear to relate to the free movement of researchers within the EU, which however are not considered by most RTOs to be of great concern.

During the past two years, the Commission has continued to promote the principle of "**open access**" to research results. An initial Commission document, strongly criticized by EARTO and others, appeared to propose that all EU funded research results should be made freely available to all interested parties. It is now clear that open access should apply only to research results already in the public domain.

The Association also continued to monitor closely the development of the **European Institute of Innovation and Technology (EIT)**, including the first contractual agreements between

the EIT and its three Knowledge and Innovation Communities, in which several EARTO members play a prominent role. It is a welcome development that the EIT has been strongly integrated into the *Horizon 2020* framework, thus clarifying a little the overall European research and innovation landscape.

## SECTION 2 – ENGAGEMENT WITH KEY STAKEHOLDERS



European Commission Director General for Research and Innovation, Robert-Jan Smits, addresses the 2011 EARTO Innovation Prize ceremony

EARTO promotes the interests of its members and advances its policy messages through targeted engagement with key stakeholders in the European institutions and in the wider research and innovation community.

### EUROPEAN COMMISSION

Throughout 2011, EARTO met with senior European Commission officials and members of the private office of Research, Innovation and Science Commissioner Geoghegan-Quinn to ensure that the voice and the most

pressing concerns of RTOs are heard by the right people at the right time.

In 2010 a small invited delegation of CEOs from EARTO members met DG RTD Deputy-Director General Anneli Pauli, who is charged with the development of European Research Area and innovation policy. EARTO organised a follow-up meeting in early January 2011, to discuss the role of RTOs in ERA policies and programmes. A key focus of the discussion was the pivotal role that RTOs could play in Joint Programming Initiatives, provided a corresponding political mandate and necessary funding are provided. Another meeting with high-level civil servants from the Commission on the same topic took place in April.

In the preparations for *Horizon 2020*, EARTO has taken part in both formal and informal meetings with senior Commission officials throughout the year.

On 7<sup>th</sup> December 2011, the European Commission's Director General for Research and Innovation, Robert-Jan Smits, kindly accepted to make the awards for the 2011 EARTO Innovation Prize. In addressing the 140 participants at the award ceremony, he emphasized *Horizon 2020*'s focus on supporting economic competitiveness and tackling societal challenges, and characterized the programme as being "tailor-made for RTOs". He later presented the 2011 innovation awards to SINTEF – for the first commercial application of a 1987 Nobel prize-winning technology – to TNO and to TecNALIA.

## EUROPEAN PARLIAMENT

EARTO has an ongoing programme of engagement with key Members of the European Parliament (MEPs) and their assistants. Throughout 2011, EARTO maintained contact with leading members of the Parliament's Research Committee (ITRE) and its Budgetary Control Committee (CONT) to discuss, especially, the future Framework Programme for Research and Innovation and the revision of the Financial Regulation. EARTO was also active in proposing amendments to the European Parliament report on the Innovation Union (Merkies Report).

Contact with MEPs will be of special importance in 2012, in anticipation of the First Reading of the *Horizon 2020* legislative proposals at around mid-year and the conclusion of the revision of the Financial Regulation.

The AERTOs ERA-NET project, in which a group of RTOs are exploring mechanisms to support the development of longer-term joint strategic research programmes, organised an information event in the European Parliament in June. The event was hosted by leading Portuguese Member of Parliament Maria Da Graça Carvalho, who has taken a leading role in pressing for simplification of the Framework Programme and who may well be a lead parliamentary *rapporteur* on *Horizon 2020*. The AERTOs event presented examples of strategic cooperation between RTOs, again to make the case for strategic research alliances among RTOs as a necessary instrument to support Joint Programming and other major initiatives under *Horizon 2020*.

## EUROPEAN COUNCIL AND COUNCIL PRESIDENCIES

EARTO liaises regularly with the Permanent Delegations of several Member States in Brussels and relays its policy positions to national capitals. During the current Danish EU Presidency, it is expected that the Member States will adopt a general partial agreement on *Horizon 2020* and EARTO and our Danish member GTS are currently discussing a joint event under auspices of the Danish EU Presidency which may serve as a platform for presenting RTOs' views.

## OTHER STAKEHOLDERS

The "**Thinking About *Horizon 2020***" **Working Group** was initiated by EARTO in 2011 to foster a regular exchange of information and views during the preparation phase of *Horizon 2020*, and other key policy developments, with a range of stakeholder organisations based in Brussels and sharing a strong interest in applied research. This follows a similar EARTO-led initiative in the run-up to the launch of FP7, which also provided the basis for coordinated and common policy positions.

Following the publication of the second edition of the **Responsible Partnering Handbook** in 2009, EARTO, EIRMA (European Industrial Research Management Association) and EUA (European University Association) have begun discussions about a follow-up project, which could focus on effective models and practices for beneficial knowledge transfer between research and industry, in particular issues relating to intellectual property ownership, valuation and negotiation.

Discussions with **ERRIN (European Regions Research and Innovation Network)** may result in a joint workshop in 2012 on the scope for

developing major regional pilot and demonstration projects within *Horizon 2020* and the Structural and Cohesion Funds.

## SECTION 3 – COMMUNICATION ACTIVITIES



Communicating with members and with external audiences is vital for building the RTO community and communicating the RTO brand.

### EARTO Corporate Communications Task Force

Following a review by the EARTO Executive Board of the Association's communications strategy in 2009, a Task Force of corporate communications specialists from EARTO members was established the following year to support the Secretariat in the development and implementation of the Association's communication activities. Its initial focus was the production of the annual EARTO innovation case study brochure, first published in 2010, and the format for the EARTO Innovation Prize ceremony.

During 2011, the Task Force has focused on formalizing the Association's communications strategy and supporting the Secretariat in the redesign of the EARTO logo and website.

### EARTO Communication Strategy

The EARTO corporate communication strategy document developed with the support of the EARTO Corporate Communication Task Force sets down the Association's mission and vision, and outlines the principal communications messages and targets. The document was reviewed and approved by the Executive Board in December 2011.

***EARTO's Vision:*** *A European research and innovation system without borders in which RTOs occupy nodal positions and possess the necessary resources and independence to contribute to a competitive European economy and high quality of life through beneficial cooperation with all stakeholders*

***EARTO's Mission:*** *To promote and defend the interests of RTOs in Europe by reinforcing their profile and position as a key-player category in the minds of EU decision-makers and by seeking to ensure that European R&D and innovation programmes are best attuned to their interests, and to provide added-value services to EARTO members to help them improve their operational practices and business performance as well as provide them with information and advice to help them make best use of European R&D and innovation programme funding opportunities.*

## **New Logo and Website**

As part of the rethink of the Association's communications strategy, it was decided to refresh the EARTO website and redesign the Association's logo. The refreshed website went on-line in January 2012.

The principal objectives have been to streamline the overall presentation and navigation as well as to update the content and make messages more consistent. The redesigned logo, launched simultaneously with the new website, retains the general form of a star and incorporates the strap-line "Impact Delivered", which is also the title used for the annual innovation case study brochure. This strap-line, developed with the aid of the Corporate Communications Task Force, was chosen to encapsulate the RTO mission and ethos: RTOs produce impact and RTOs deliver what they promise.



## **EARTO News**

EARTO News is an electronic newsletter produced by the EARTO Secretariat every three to four weeks. It contains information about EARTO activities and events, European policy developments of relevance to RTOs, and other information. 13 issues were published in 2011.

## **EARTO Website**

The EARTO website contains useful information on EARTO activities, publications and events, as well as more general information on RTOs and on the benefits of EARTO membership. European news of general interest to RTOs is updated on the EARTO website daily.

## **Media Relations**

The EARTO Secretariat runs an active programme of media interaction (general and specialised press) to ensure that EARTO messages and RTO positioning are communicated to a wider audience. Throughout the year, EARTO received good press coverage. Articles by and about EARTO can be found in the "Press Corner" section of the website.

## SECTION 4 – EVENTS, NETWORKING AND EXCHANGE AMONG MEMBERS

EARTO offers its members regular opportunities for professional networking and tailored exchanges of information and experience

### **EARTO 2011 Annual Conference**



The 2011 EARTO Annual Conference and associated meetings in Warsaw on 12<sup>th</sup>-13<sup>th</sup> May were a considerable success. Organised around the theme "*Delivering the Innovation Union: The Essential Contribution of RTOs*", and hosted by Technology Partners Foundation, the several events attracted around 150 participants.

### **EARTO 2011 Innovation Prize ceremony**



The third annual EARTO Innovation Prize attracted 16 submissions, out of which 6 were pre-selected for final scrutiny by an independent jury. The winner of the 2011 Prize was SINTEF for its "Superconducting induction heater" innovation, with the second prize going to TNO and the third prize to Technalia.

The award ceremony for the prize took place at the Royal Belgian Institute of Natural Sciences in Brussels on December 7<sup>th</sup>. It attracted over 140 participants. The awards were made by Mr. Robert-Jan Smits, Director General for Research and Innovation of the European Commission.

### **Innovation Convention 2011**

The European Commission held its first European Innovation Convention in Brussels on December 5<sup>th</sup>-6<sup>th</sup>. Selected key stakeholders, including EARTO, were invited to organise short workshops within the convention on topics closely related to the Innovation Union priorities. The Association joined with TAFTIE – the network of the national innovation agencies – to organize a joint workshop, attended by



more than 100 participants, on how regional, national and European programmes can be co-ordinated to provide an effective European innovation support framework for high-growth potential SMEs.



### Other Events with/by EARTO

EARTO participated in or (co-)organised many other events during the year in Brussels or elsewhere in Europe. A list of these events is presented in the section "Other Meetings with/by EARTO in 2011".

### EARTO Working Groups and Task Forces in 2011

EARTO Working Groups and Task Forces active during the year included:

- Innovation Prize Preparatory Task Force
- Corporate Communications Task Force
- Working Group on Quality Issues in RTOs
- *Horizon 2020* Task Force
- EARTO-EUROTECH Working Group on RTO Approaches to Innovation
- EARTO-EUROTECH Working Group on Security Research

### EUROTECH

EUROTECH is a Special Interest Group in which the Chief Executive Officers and other senior management of the larger "national" RTOs meet twice a year to discuss issues of common interest. EUROTECH has given strong support to broader EARTO initiatives, e.g. concerning *ex-post* FP6 project audits. The group issued a press statement strongly supportive of the conclusions and recommendations on the High-Level Expert Group on Key Enabling Technologies.

### AERTOs: An RTO ERA-NET

A group of EUROTECH RTOs, with the assistance of the EARTO Secretariat, in 2007 prepared a successful proposal for an RTO ERA-NET project. This project raises the profile of RTOs and is intended as a strategic exercise in exploring and implementing long-term transnational cooperation between them.

The original AERTOs partners are FhG (Coordinator), CEA, SINTEF, TNO and VTT. They were joined in 2009 by SP Group of Sweden and Tecnalia of Spain.

The final conference of the AERTOs project will take place in Brussels on 28<sup>th</sup> March 2012.





## SECTION 5 – PROMOTION OF GOOD PRACTICE

EARTO seeks to promote good practice within and for the RTO sector

### DESCA



EARTO has taken an active role in the DESCA initiative, in which a group of European and national organizations – ANRT, EARTO, Eurochambres, German CA-Team, UNITE – have jointly developed a set of Model Consortium Agreements for FP7 which are well attuned to the needs and interests of RTOs. EARTO hosts the DESCA website.

The DESCA Core Group and the DESCA Consultation Group met several times in 2010 to discuss potential amendments to the DESCA 2.0 Model Agreement, leading to an updated version which was published in 2011.

Discussions are currently underway about launching a new round of DESCA consultations in 2012 to begin preparing Model Consortium Agreements for *Horizon 2020* as well as to provide input during the political discussions on the proposed Rules for Participation for *Horizon 2020*.

### RESPONSIBLE PARTNERING



The Responsible Partnering Initiative – launched by EIRMA and implemented jointly since 2005 by EARTO, EIRMA, EUA and Proton Europe – has achieved significant visibility and is recognized politically as an important contribution to improving research-enterprise cooperation and supporting the adoption of “open innovation” practices in Europe.

The Responsible Partnering consortium released a new edition of the Responsible Partnering Handbook in 2009. The revision brought the Handbook up-to-date without fundamentally changing the principal recommendations. Information on State Aids was added, the section on human aspects of effective collaborative research was extended and a new checklist for implementation of the guidelines was introduced.

Discussions are currently on-going about a follow-up, which could focus on effective models and practices for beneficial knowledge transfer between research and industry.

**TTO CIRCLE**

EARTO is associated with the TTO (Technology Transfer Office) Circle initiative launched by the European Commission's Joint Research Centre under the Innovation Union. The initiative groups together some 20 public and semi-public RTOs and public research centres for an exchange of good practice in matters relating to intellectual property management, protection and exploitation.

**FP7 BENCHMARKING SERVICE**

EARTO launched its FP7 benchmarking database in 2008. This enables individual RTOs to compare their FP7 success against other RTOs, e.g. what percentage of project proposals passes the evaluation threshold, what percentage gets accepted for funding, etc... Comparisons can be made separately for each of the main programmes within FP7 (thematic priorities, ERC, SME measures, etc...).

The survey was expanded in 2009 to include the CIP programme (ICT PSP – Information Communication Technologies Policy Support Programme – and IEE – Intelligent Energy Europe) and other European research programmes.

## SECTION 6 – ADDITIONAL MEMBERS' SERVICES

EARTO membership brings additional benefits, including FP7 support services and a fully equipped meeting room in Brussels

To help its members explore European funding opportunities and participate in European programmes, EARTO offers **training courses on FP7 Proposal Writing and FP7 Project Management**, in association with Hyperion Ltd.

With the start of FP7, EARTO launched its **FP7 proposal preparation service**, which offers members the services of four carefully selected, specialized consultancy organizations at a highly advantageous price. The service providers offer support from the initial planning of a proposal through to final preparation, including a critical review of the complete proposal before submission to the Commission.

The **EARTO Secretariat helps members in their contacts with the European Commission and with other European institutions and organizations**. Typical requests for assistance concern obtaining documents, arranging appointments, advice about whom to contact, interpreting work programmes and calls for proposals, evaluation procedures, and complaint processes. We also help members establish their own presence in Brussels.

The Secretariat maintains a **meeting room which is available for members** wishing to organize events in Brussels (capacity of up to 12). In addition, we can help to obtain larger meeting rooms for up to 40 persons. We have recently acquired a conference phone allowing members to set up teleconferences when using our meeting room.



# **EARTO MEETINGS AND EVENTS IN 2011**

# EARTO MEETINGS IN 2011

## MANAGEMENT OF THE ASSOCIATION

<b>Annual General Meeting</b>	May 13 <sup>th</sup>	Warsaw
<b>Executive Board</b>	May 12 <sup>th</sup> December 7 <sup>th</sup>	Warsaw Brussels
<b>Steering Committee Meeting</b>	September 8 <sup>th</sup>	Brussels

## EARTO WORKING GROUPS, TASK FORCES, CONFERENCES, WORKSHOPS

<b>EARTO FP8/<i>Horizon 2020</i> Task Force</b>		February 15 <sup>th</sup> March 30 <sup>th</sup> May 6 <sup>th</sup> June 24 <sup>th</sup> September 28 <sup>th</sup> December 7 <sup>th</sup>	Brussels Brussels Brussels Brussels Brussels Brussels
<b>EARTO Corporate Communication Task Force/Working Group</b>		March 3 <sup>rd</sup> May 11 <sup>th</sup> June 15 <sup>th</sup> September 27 <sup>th</sup>	Madrid Warsaw Brussels Brussels
<b>EARTO Working Group on Quality Issues in RTOs</b>		April 8 <sup>th</sup> June 20 <sup>th</sup> November 24 <sup>th</sup>	Brussels Brussels Brussels
<b>EARTO-EUROTECH Special Interest Group</b>		April 9 <sup>th</sup> -10 <sup>th</sup> October 15 <sup>th</sup> -16 <sup>th</sup>	San Sebastian/Bilbao Gothenburg/Borås
<b>EARTO Innovation Prize</b>	<b>Task Force Jury Award Ceremony</b>	May 11 <sup>th</sup> September 20 <sup>th</sup> December 7 <sup>th</sup>	Brussels Brussels Brussels
<b>EARTO Annual Conference</b>		May 12 <sup>th</sup> -13 <sup>th</sup>	Warsaw
<b>Exploratory Meeting on Possible EARTO Working Group on RTO Business Models</b>		November 3 <sup>rd</sup>	Brussels

## OTHER MEETINGS WITH/BY EARTO IN 2011

<b>Committee of Regions Consultation on Innovation Union</b>		January 26 <sup>th</sup>	Brussels
<b>Meetings with DG RTD on ERA Framework</b>		January 26 <sup>th</sup> March 15 <sup>th</sup>	Brussels Brussels
<b>AERTOs ERA-NET Project</b>	<b>Board Meeting</b>	February 22 <sup>nd</sup> -23 <sup>rd</sup>	Munich
		March 30 <sup>th</sup>	Brussels
		September 14 <sup>th</sup>	Brussels
		October 15 <sup>th</sup>	Munich
		December 5 <sup>th</sup>	Brussels
	<b>Conference, European Parliament</b>	June 23 <sup>rd</sup>	Brussels
<b>Hungarian Presidency Conference: FP7 Interim Evaluation</b>		February 24 <sup>th</sup> -25 <sup>th</sup>	Budapest
<b>FP8/<i>Horizon 2020</i> Brussels Stakeholder Working Group</b>		February 28 <sup>th</sup> June 7 <sup>th</sup> September 12 <sup>th</sup> December 12 <sup>th</sup>	Brussels Brussels Brussels Brussels
<b>European Stakeholder Consultation on Common Strategic Framework</b>		March 1 <sup>st</sup>	Brussels
<b>Forward-Looking Activities: Conference on Future EU Research and Innovation Programme</b>		March 3 <sup>rd</sup>	Brussels
<b>COST Seminar on R&amp;D Priorities of Hungarian EU Presidency</b>		March 17 <sup>th</sup>	Brussels
<b>European Commission Stakeholder Consultation on Simplification</b>		April 7 <sup>th</sup>	Brussels
<b>European Commission Stakeholder Consultation on Rules for Participation of Common Strategic Framework</b>		April 28 <sup>th</sup>	Brussels
<b>EIRMA-EUA-EARTO Planning Meetings</b>		May 10 <sup>th</sup> July 11 <sup>th</sup> October 5 <sup>th</sup>	Brussels Brussels Brussels
<b>Strategic Transport Technology Programme Stakeholder Conference</b>		May 24 <sup>th</sup>	Brussels
<b>European People's Party Hearing on FP7/FP8</b>		June 1 <sup>st</sup>	Brussels
<b>European Commission Conference on Common Strategic Framework</b>		June 10 <sup>th</sup>	Brussels
<b>Stakeholder Consultation: SME Workshops</b>		June 21 <sup>st</sup> July 12 <sup>th</sup>	Brussels Brussels
<b>EIRMA Round Table on Open Innovation: Collaboration with RTOs and Universities in the innovation Process</b>		September 16 <sup>th</sup>	Delft
<b>JRC TTO Circle</b>		October 19 <sup>th</sup> -20 <sup>th</sup>	Grenoble

<b>EIRMA Special Interest Group on IP</b>	November 17 <sup>th</sup> -18 <sup>th</sup>	Rome
<b>European Innovation Convention Fringe Event with TAFTIE on European Support Framework for High-Growth Potential Innovation SMEs</b>	December 6th	Brussels
<b>ERRIN RTD Working Group</b>	December 14 <sup>th</sup>	Brussels
<b>SEMI Europe: Europe-First IP Rules?</b>	December 19 <sup>th</sup>	Brussels

## EARTO IN 2012: INITIAL PRIORITIES AND ACTIVITIES

The following events and priorities are currently foreseen for 2012. Other events and activities will be undertaken according to need and demand.

The Secretariat welcomes proposals from members for new activities, including subjects for Working Groups to exchange experience and good practice.

### WORKING GROUPS AND TASK FORCES

The following Working Groups and Task Forces are expected to continue during 2012:

- Corporate Communication Task Force and Working Group
- Working Group on Quality Issues in RTOs
- *Horizon 2020* Task Force
- "Thinking about *Horizon 2020*" Working Group (Brussels stakeholders)

The *Horizon 2020* Task Force may be complemented by a specialist Task Force to examine the IP-handling arrangements in the Horizon 2020 Rules for Participation. This task may, however, alternatively be assured through DESCA (see above).

A revision of the EU State Aid rules applying to R&D and innovation is expected in 2012, for which purpose a special Task Force of experts from EARTO members will be created.

### EVENTS 2012

<b>Corporate Communication Task Force and Working Group</b>	January 17 <sup>th</sup>
<b>EARTO <i>Horizon 2020</i> Task Force</b>	February (date tbc)
<b>EARTO Working Group on Quality Issues</b>	March (date tbc)
<b>EARTO-EUROTECH Special Interest Group, Stuttgart</b>	April 28 <sup>th</sup> -30 <sup>th</sup>
<b>EARTO Annual Conference, Geneva</b>	May 7 <sup>th</sup> -8 <sup>th</sup>



## PRIORITIES FOR 2012

The overriding priority in 2012 will be to monitor the political negotiations that will finalise the *Horizon 2020* programme. While the complete legislative package is unlikely to be finalized before summer 2013, much could be decided in the first half of this year. The Danish EU Presidency intends to achieve a “general partial agreement” on the main lines of *Horizon 2020*, and the first reading in the European Parliament of the Commission’s proposals should also have been completed by the summer holidays.

An early priority will be to mobilise political and stakeholder support for a change to the 100/20 funding model proposed by the Commission, which implies an average 20% reduction in the effective funding rate for most RTOs compared with FP7. EARTO has already proposed an alternative 75/75 model which is in line with funding rates available in FP7, while at the same time meeting the Commission’s objective of simplification by offering a flat rate option for indirect costs that will be acceptable to many research performers. EARTO’s proposal also foresees an option for the real reimbursement of indirect costs, which is essential for RTOs and others with high-end research facilities. The EARTO *Horizon 2020* Task Force will be convened frequently to provide guidance and data to support the Association’s lobbying activities in this and other regards. At its meeting scheduled already for February (date to be confirmed) a prioritized list of issues for discussion and negotiation with the Commission and others will be produced.

Special additional Task Forces will be organized when and if the need arises, for example to deal with IP-handling arrangements in *Horizon 2020*.

At the end of March, Technopolis Group will deliver an EARTO-commissioned report which will bolster the Association’s lobbying efforts by benchmarking Europe with major global competitor regions in terms of how public research and innovation spending is invested: the report is expected to show that Europe, in relative terms, overspends on basic research and underspends on deployment activities. The EARTO Corporate Communications Task Force will be mobilized to help prepare a communications campaign to ensure a strong and effectively presented message to political decision makers.

## EARTO EXECUTIVE BOARD

### PRESIDENT



Errki Leppävuori  
President and CEO, VTT – Technical  
Research Centre of Finland

to 31<sup>st</sup> December 2011



Jan Mengelers\*  
Chairman of the Board of Management,  
TNO

from 1<sup>st</sup> January 2012

### TREASURER

*Jan Mengelers\** (acting, from 1<sup>st</sup> January 2012)

### EXECUTIVE BOARD (INCLUDING THE ABOVE) -

*Josef Affenzeller*, Vice President, ACR, AT  
*Ulrich Buller\**, Senior Vice-President, FhG, DE  
*Stefano Carosio*, Division Manager - Research and Innovation, D'Appolonia, IT  
*João Paulo Dias*, Deputy Director, IPN, PT  
*John Hill\**, Managing Director, PERA, UK  
*Pascal Iris*, Member of the Board, ASRC, FR  
*Maria Khorsand\**, Chief Executive Officer, SP, SE  
*Tomasz Kosmider*, Director, Technology Partners Consortium, PL  
*Georges Kotrotsios*, Vice-President, CSEM, CH  
*Ernst Kristiansen*, Vice President, SINTEF, NO  
*Marc Lemmer*, Director General, Centre de Recherche Public Henri Tudor, LU  
*Jadran Lenarčič*, Director, Josef Stefan Institute, SL  
*Ginés Martinez*, Secretary General, Réseau CTI, FR  
*Sean McCarthy*, Managing Director, HYPERION, IRL  
*Iñaki San Sebastian*, Member of the Board of Directors, TECNALIA, ES  
*Iñigo Segura*, Director General, FEDIT, ES  
*Søren Stjernqvist*, President, Danish Technological Institute, DK  
*Dániel Sztaniszláv*, Owner & Quality Control Manager, TKI Ferrit, HU  
*Francis Vanderhaeghen*, Director, VITO, BE

\* *members of the Steering Committee*

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