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**REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN
PARLIAMENT**

**on the European Research Council's operations and realisation of the objectives set out
in the Specific Programme "Ideas" in 2008**

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(Text with EEA relevance)

1. INTRODUCTION

The European Research Council (ERC) was created in February 2007 by a Commission Decision¹ as an ambitious new component of the EU's research policy under the provisions of the Seventh Framework Programme. It is the means for implementing the Specific Programme "Ideas" whose budget stands at € 7.51 billion over the period 2007-2013. The ERC comprises of an independent Scientific Council supported by a dedicated implementation structure (DIS) and operates according to the principles of scientific excellence, autonomy, efficiency, transparency and accountability.

This Annual Report of the Commission for 2008, drawn up in co-operation with the ERC Scientific Council, presents the Commission's assessment of the ERC's operations and the achievement of its objectives in its second year of existence.

The ERC's activities for this year can be grouped under two main headings. The first is the continued implementation of the programme, in particular, the implementation of the first call for ERC Advanced Grants and the publication of the second calls for the ERC Starting and Advanced Grants. Related activities include the operational refinements to the call management and peer review systems, measures intended to ensure the integrity of procedures and processes, provision of strategic and administrative support to the Scientific Council and communication with the scientific community.

The second area of activities concerns the creation of the ERC Executive Agency which will eventually take on the role of the DIS, currently being performed by the Commission. Activities in this area included adoption of a Delegation Act, selection and recruitment of new staff for the Agency and appointment of a Steering Committee. In addition, the Commission prepared the methodology for a review held in 2009 on the mechanisms and structures used to implement the programme.

2. LEGAL BASE

Article 4.4 of the Decision on the Specific Programme "Ideas"² states that:

¹ 2007/134/EC: Commission Decision of 2 February 2007 establishing the European Research Council (OJ L 57, 24.02.2007, p.14).

² 2006/972/EC: Council Decision of 19 December 2006 concerning the specific programme: Ideas implementing the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007 to 2013) (OJ L 400, 30.12.2006, p. 242).

The Commission shall act as the guarantor of the European Research Council's autonomy and integrity, ensure the proper execution of the tasks entrusted to it and provide the European Parliament and the Council with an annual report on the ERC's operations and realisation of objectives set out in the specific programme.

Annex 1 of the same Decision states that the annual report will be drawn up in co-operation with the Scientific Council.

3. STRATEGIC MATTERS

The Scientific Council has the responsibility for setting the ERC's scientific strategy, including establishing the annual "Ideas" Work Programme. In 2008 there were no fundamental changes to ERC strategy. Adjustments and refinements were, however, made in view of the fact that, for the first time, the increase in the ERC's funding resources allowed calls for both Starting and Advanced Grants to be issued under the same annual budget.

The ERC's peer review system was also fine-tuned, in particular as regards the handling of interdisciplinary proposals, the ERC's communication strategy with respect to the publication of evaluation results and the strategy for the avoidance of situations of conflict of interest.

3.1. Grants

The Scientific Council has developed two "core" funding schemes under the "Ideas" Specific Programme designed to promote research excellence in all fields of knowledge. Researchers based in or moving to an EU Member States or an FP7 associated country are eligible, irrespective of nationality. In this way human capital is also secured: top talent is both retained in and attracted to Europe.

These schemes are:

The ERC Starting Independent Researcher Grants ("ERC Starting Grants"): supporting the independent careers of excellent researchers who are at the stage of starting or consolidating their own independent research team or, depending on the field, establishing their independent research programme.

The ERC Advanced Investigator Grants ("ERC Advanced Grants"): supporting excellent, innovative investigator-initiated research projects directed by leading advanced investigators of whatever age, who have already established themselves as being independent research leaders in their own right.

3.2. Work programme

The 2008 "Ideas" Work Programme³ was established by the Scientific Council and transmitted to the Commission in early 2008 and, subsequently, adopted. Adjustments had become necessary following the exceedingly large numbers of applications received in connection to the 2007 call for Starting Grants. In that year the number of proposals was three times more than had been anticipated and, apart from putting considerable strain on the DIS'

³ C(2007)5746 of 29.11.07, not published.

resources (administrative and IT infrastructure) and its evaluation panels, it resulted in an overall success rate of only 3%.

A number of adjustments were therefore introduced in 2008 for future calls so as to ensure that the number of proposals would be limited without compromising the quality of applications. Benchmarking of the scientific track record of applicants and a restriction on re-submission of proposals were introduced to act as a disincentive against non-competitive proposals.

As regards Starting Grants, a symmetric narrowing of the eligibility window, from 2 to 9 years in 2007 to 3 to 8 years in 2008, was introduced. In the case of Advanced Grants it had been decided that the budget for the first two calls (2008 and 2009) should be linked so as to make available to applicants a cumulative budget of about € 1 billion over these two consecutive years. In order to ensure equal treatment of all applicants, the eligibility conditions and the application and peer review procedures of Advanced Grant sections were not, therefore, materially revised with respect to the previous work programme.

3.3. Peer review methodology

Since the quality of the ERC's peer review evaluation process and the confidence it engenders within the research community will be vital to the achievement of the ERC's objectives, the Scientific Council has given careful attention to the ERC's peer review methodology. It adopted a structure of high-level peer review panels, covering the entire range of research disciplines and organised in a framework of three main research domains: physical and engineering sciences, life sciences, and social sciences and the humanities. Panel members proposed by the Scientific Council include scientists, engineers and scholars of the highest international reputation from both within the EU and beyond.

Each panel covers a broad range of topics so as to ensure that proper consideration is given to high quality, interdisciplinary proposals and is headed by a Panel Chair who gives visibility and credibility to the whole peer review process. Based on the experience gained from the previous call, the number of panels was increased to 25 for the first ERC Advanced Grant call in 2008, in order to spread demand better across all panels and ensure representation of the various disciplines. Two sets of panels have been put in place, operating in alternate years. This moderates the workload on individual reviewers and means that they are not excluded from applying to the ERC themselves.

The number of Starting Grant panels was also increased to 25 such that the panels operate consistently across the two grant schemes.

4. PROGRAMME IMPLEMENTATION

In the implementation of the programme, commitments of € 523.90 million (global commitment) and payments of € 227.20 million were fully executed. These sums amount to 99.988% and 100% respectively of the operational credits of the "Ideas" Specific Programme.

4.1. Grants

Grants are awarded through a formal grant agreement once legal and financial procedures are completed and the formal award decision has been taken. The grant preparation process does

not involve negotiation of the proposal's scientific or technical substance and a grant is offered on the basis of the proposal submitted and the funding recommended by the peer review evaluation.

Should sufficient budget become available (e.g. through selected proposals being withdrawn or third party receipts), preparation for a grant agreement begins with the highest-ranked proposal on the reserve list and continues on the other proposals in descending order of the final ranking.

4.1.1. The 2007 Starting Grant

The granting process of the first ERC Starting Grants was concluded during the first half of 2008. The Scientific Council followed the process closely. The original budget of € 292.2 million foreseen in the revised 2007 Work Programme grew to € 338 million thanks to contributions from the non-EU countries which participate in FP7. This increase in budget allowed the ERC to fund more grants than the roughly 250 originally anticipated.

In fact, of the proposals submitted, 299 applications were eventually funded according to the order of merit determined by the peer review evaluation.

4.1.2. The 2008 Advanced Grant

The first ERC Advanced Grant call was published on 30 November 2007 with three different deadlines in Spring 2008 depending on the domain (Physical and Engineering sciences, Life sciences and Social sciences and Humanities). The call involved a one-stage application process (applicants being required to submit their full proposal, along with a synopsis and evidence of their track record in scientific leadership, at the submission deadline) and a two-step evaluation. It had an indicative budget of € 516.95 million.

The DIS implemented the ERC peer review system, including the appointment of the panel members, as defined by the Scientific Council. A total of 2,167 proposals were received (997 in the physical sciences, 766 in the life sciences and 404 in social sciences and humanities) of which 2,034 were peer reviewed following an eligibility check. This was considerably less than the number of proposals submitted for the 2007 Starting Grant, indicating that the counter-measures taken to reduce numbers while maintaining quality of applications had been successful⁴. By the end of 2008, 275 proposals submitted under this call were selected for funding: 114 in physical sciences, 84 in the life sciences, 48 in social sciences and humanities and 29 were considered under the new inter-disciplinary category. Depending on the availability of third country receipts, funding could be made possible in 2009 for more proposals submitted under this call.

4.1.3. The 2009 Starting Grant

The second call for the ERC Starting Grant was published in July 2008 with three different deadlines in Autumn 2008 depending on the domain. A total of 2,503 proposals were submitted: 1,112 in the physical sciences, 927 in the life sciences and 464 in social sciences and humanities. As the process is still underway, no final data are available on the number of selected proposals.

⁴ See also section 3.1.

4.1.4. *The 2009 Advanced Grant*

The second call for the ERC Advanced Grant was published in November 2008 with three different deadlines in Spring 2009 depending on the domain. As the process is still underway no final data is available on the number of proposals.

4.2. **Programme Committee**

Meetings of the "Ideas" Programme Committee were held on 31 January, 12 June and 20 November 2008. In addition to the formal business of the Programme Committee (which normally operates in advisory mode) these meetings were structured to keep the Committee fully informed of progress in the implementation of the "Ideas" programme and the ERC and to allow for an open exchange of information on strategy and operational matters between the Committee, the Scientific Council, the ERC Secretary General and the DIS.

4.3. **Ethical review**

Of the 299 projects selected for funding under the 2007 Starting Grants call, 95 were screened by an external ethics panel of which 40 were subjected to a full ethical review. One project involves the use of human embryonic stem cells and was submitted in October 2008 for opinion of the "Ideas" regulatory Programme Committee.

For the 2008 Advanced Grants call, 126 proposals were flagged for ethical screening. The screening revealed 57 proposals needing full ethical review, 2 of which proposed to make use of human embryonic stem cells. Copies of national approvals were requested in 61 cases where a full ethical review was not required. Eight proposals were ready to start the grant agreement procedure with no request for documents or new reviews. The full ethical review was held during November 2008. In two cases, a new ethical review was requested. This was performed in January 2009 and the two proposals were approved on condition that the applicants present further documentation.

4.4. **Redress**

The "Ideas" configuration of the redress committee⁵ considered 276 requests for redress in connection with proposals submitted under the 2007 Starting Grant call and 174 requests relating to the proposals submitted under the 2008 Advanced Grant call. These figures respectively represent approximately 3% and 8% of the proposals submitted for each call.

The redress committee concluded that 15 requests on applications made under the 2007 Starting Grant calls and 14 requests under the 2008 Advanced Grant call merited an evaluation or a re-evaluation. With the exception of two cases all evaluations and re-evaluations have now been concluded. In none of the cases examined by the redress committee was the earlier decision reversed.

⁵ OJ L 391 and OJ L 400 of 30.12.2006 (EC and Euratom rules respectively) and corrigendum in Euratom OJ L 54 of 22. 02.2007, p. 4.

4.5. Communication

A significant effort was made during 2008 to communicate the ERC's activities effectively to the scientific community and raise awareness with the wider public. A number of key communication tools, products and channels were developed during 2008 to disseminate information on the ERC.

A highly successful ERC conference took place on 7 October 2008 in Paris under the French Presidency. The conference, *The European Research Council for a policy of excellence: the first award winners pave the way*, served as an assessment of the first year of the ERC funding operations and allowed the experience of a number of holders of ERC Starting Grants to be shared. The ERC also participated in science fairs and conventions with an international reach as part of its communication strategy with an initial focus on the US scene.

4.6. Monitoring, Assessment and Evaluation (MAE) of the "Ideas" Specific Programme

During 2008, measures were taken to ensure that the ERC is efficient, transparent and accountable in its operations and that it acts as a true "learning organisation", assessing achievements on an ongoing basis and adjusting and improving procedures on the basis of experience.

Throughout the year the ERC sought to further develop the strategy for monitoring, assessment and evaluation (MAE) of its activities and impacts from the scientific point of view. A framework was created to incorporate the ERC's strategic requirements, the Scientific Council's responsibilities and the Commission's obligations to monitor and evaluate the implementation of the programme. It takes into account different categories of possible effects and impacts and a broad and integrated understanding of the ERC's performance.

4.6.1. Support Actions

The commitment to issue a call for Co-ordinated Support Actions (CSA) was first included in the 2008 work programme. The first CSA call was launched in July 2008 with a deadline on November 2008, with the aim of generating a portfolio of projects, studies and associated initiatives which will contribute to the monitoring, assessment and evaluation of the impact of the ERC and the "Ideas" Programme. The Work Programme also included support actions for the activities of specific legal entities (named beneficiaries) to provide support to the Scientific Council Chair and vice-Chairs at their places of work⁶.

Two proposals were selected; one analysing the programme's impact on researchers, research organisations, funding institutions and policy structures, the other on career development, host institutions, research structures and research output. The results were analysed against the framework described above and a second CSA call was published in November 2008 focusing on the "gaps" in topics and areas of interest where no proposals were selected for funding in the previous call. Information was disseminated to the evaluation community and an Information Day was organised in Brussels on 16 September.

⁶ These support actions followed SSAs established with a similar purpose as preparatory actions under the Sixth Framework Programme.

4.6.2. *Review of Structures and Mechanisms*

Apart from ongoing assessments, Annex I of the Decision establishing the "Ideas" Specific Programme requires that:

an independent review will also be carried out of the ERC's structures and mechanisms, against the criteria of scientific excellence, autonomy, efficiency and transparency and with the full involvement of the Scientific Council. This will include the process and criteria for the selection of the members of the Scientific Council. The review will explicitly look at the advantages and disadvantages of a structure based on an Executive Agency, and a structure based on Article 171 of the Treaty. On the basis of this review, these structures and mechanisms should be modified as appropriate. The Commission will ensure that all the necessary preparatory work, including any legislative proposals which it considers necessary, is undertaken and presented to the European Parliament and the Council, as required by the Treaty, with a view to a transition to any modified structure required, as soon as possible.

During 2008 the Commission presented a communication to the European Parliament and the Council on the Methodology and Terms of Reference to be used for the Review to be carried out by independent experts concerning the European Research Council structures and mechanisms⁷. The review took place in 2009.

5. ORGANISATION OF THE EUROPEAN RESEARCH COUNCIL

5.1. The Scientific Council

Three members of the Scientific Council resigned in the course of 2008 for personal reasons⁸. An "Identification Committee"⁹ was set up by the Commission in order to identify three new members of the Scientific Council. This committee was also asked to make recommendations on a method for future replacements of members¹⁰.

During 2008, the Scientific Council met five times in plenary session. The ERC Board, set up by the Scientific Council to plan the Scientific Council meetings and liaise with the DIS, met seven times during the year. The Scientific Council also held an informal "strategy retreat" which discussed the experience gained in the first three years of the Scientific Council's activities and discussed future strategic orientations.

5.2. Establishing the ERC Executive Agency as the DIS

The Decision establishing the ERC requires the DIS to be an external structure, being responsible for all aspects of administrative implementation and programme execution as provided for in the work programme. The DIS, in particular, implements the evaluation

⁷ COM (2008) 526.

⁸ These were Professor Paul J. Crutzen, Professor Lord May of Oxford and Professor Manuel Castells.

⁹ The members of this committee were Professor Eero Vuorio (Chancellor of the University of Turku) as Chairman of the committee and Professor Hélène Ahrweiler (Honorary Rector and Chancellor of the Academy of Paris), Professor Zita Aušrelė Kučinskienė (Dean of the Faculty of Medicine, Vilnius University) and Professor Arnold Schmidt (Professor at Vienna University of Technology) as members.

¹⁰ News Alerts on EU Research: Set up of the ERC Identification Committee. Brussels, 23 September 2008 (<http://ec.europa.eu/research/index.cfm?pg=newsalert&lg=en&year=2008&na=na-230908>)

procedures, peer review and selection process according to the principles established by the Scientific Council and ensures financial and scientific management of the grants.

In 2007 the decision was taken to fulfil the DIS's external structure requirement through the creation of an Executive Agency, formally established by a Commission Decision on 14 December 2007¹¹ under the general regime for Executive Agencies¹². A cost-benefit analysis had also shown that the choice of Executive Agency could reduce estimated administrative costs from the 5% initially foreseen in the decision establishing the "Ideas" Specific Programme to 3.5% – a proportion which compares favourably with similar funding agencies.

5.2.1. Delegation Act

A Delegation Act was adopted by the Commission in October 2008 delegating powers to the ERC Executive Agency to perform tasks required in the implementation of the programme as well as support the Scientific Council¹³. Other specific tasks include planning and implementing information, communication and dissemination activities and the authority to appoint experts for the evaluation of proposals and sign grant agreements.

5.2.2. Establishment of a Steering Committee

The creation of a Steering Committee is foreseen in the case of all executive agencies¹⁴, it being responsible, in particular, for the adoption of the agency's work programme and administrative budget every year. The ERC Executive Agency's Steering Committee was established in 2008 by a Commission Decision¹⁵ and its composition reflects the ERC specific features. The ERC Executive Agency's Steering Committee is made up of three representatives of the Commission and two representatives of the scientific community, one of whom is a member of the Scientific Council, with the Secretary-General of the ERC having observer status.

5.2.3. Granting of administrative autonomy

Until administrative autonomy was granted to the Agency, as provided for in the ERC Decision, the functions of the DIS were assured by a dedicated service of the Commission: Directorate S of DG Research¹⁶. Starting in 2008, considerable progress was made towards the formal establishment and commissioning of the Agency, both in establishing the legal and

¹¹ 2008/37/EC: Commission Decision of 14 December 2007 setting up the European Research Council Executive Agency for the management of the specific Community programme Ideas in the field of frontier research in application of Council Regulation (EC) No 58/2003 (OJ L9, 12.01.2008, p.15).

¹² Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes (OJ L 11, 16.1.2003, p. 1).

¹³ Commission Decision of 8/X/2008 delegating powers to the European Research Council Executive Agency with a view to performance of tasks linked to implementation of the specific programme Ideas in the field of research comprising in particular implementation of appropriations entered in the Community budget. C(2008) 5694 (unpublished).

¹⁴ Article 8 of Council Regulation (EC) No 58/2003 of 19 December 2002 laying down the statute for executive agencies to be entrusted with certain tasks in the management of Community programmes (OJ L 11, 16.1.2003, p. 1).

¹⁵ Commission Decision appointing the five members and one observer of the Steering Committee of the European Research Council Executive Agency, C(2008) 5132 (unpublished).

¹⁶ Administrative autonomy to the Agency was granted on 15 July 2009.

administrative framework of the Agency and transferring the tasks of Directorate S to the Agency.

5.3. Secondment and Engagement of Staff

The first calls for expression of interest and vacancy notices were published in 2008 for engagement or secondment to profiles and posts with the Agency. In this way, the staff complement of the ERC Executive Agency was steadily built up and, by the end of the year, 61 members of staff had already taken up their posts where they performed their duties alongside staff from Directorate S of the DG Research. In addition, 11 scientific officers were loaned to the Agency by the same DG. Engagement and secondments have moved at such a rate that they more than made up for the reduction in staff numbers in Directorate S over the same period of time.

In this way there was no disruption to the proper implementation of the programme while the Agency's administrative capacity was expanded and strengthened in view of the granting of autonomy in 2009¹⁷.

5.3.1. Officials seconded in the interest of the service

Jack Metthey, Director of Directorate S, was concurrently nominated Director *ad interim* of the ERC Executive Agency¹⁸ until a Director is appointed for the Agency.

Apart from the post of Director, 19 other posts in the Agency are planned to be filled by Commission officials seconded in the interest of the service: 16 at management level and three non-management posts. Calls for all these posts were published during the course of the year and by the end of 2008 one managerial post had been filled.

5.3.2. Externally-hired Temporary Agents

Externally-hired temporary agents will be engaged in key scientific, operational and administrative posts. All 80 temporary agent posts were published in 2008 and selection procedures for most of them were quite advanced by the end of the year. As the recruitment process for this category of staff is quite lengthy, the first temporary agents took up duties with the Agency in early 2009.

5.3.3. Contract Agents

Contract agents are engaged to perform duties in a wide range of tasks under the supervision of temporary agents.

5.3.4. Seconded National Experts

Seconded National Experts at Directorate S were offered the opportunity to be transferred to the Agency. By the end of 2008 eleven experts had taken up this offer.

¹⁷ See section 5.2.3.

¹⁸ Decision taken at the 1839th meeting of the Commission held on 16 July 2008.

5.4. Location

Separate premises have been procured for the ERC in Brussels, at the "Covent Garden" building close to the *Gare du Nord* and the city's botanical park and where the Commission's Research Executive Agency (REA), administering other specific programmes of FP7, will also be located. These premises now house the offices of the agency's staff and the Secretary-General of the ERC, as well as provide meeting space for the Scientific Council's peer review evaluations.

All of ERC Executive Agency's staff is expected to have moved to the new offices by the end of 2009.

6. CONCLUSIONS AND OUTLOOK FOR 2009

The main legislative and operational developments with regards to the ERC Executive Agency have progressed considerably during 2008 leading to the Agency's autonomy in 2009. Effective collaboration with the Scientific Council has been a key factor. Engagement and secondment of staff with the Agency has moved ahead and gained momentum, making up for a few initial delays due to the interest and the very large response generated by the first calls for applications.

The ERC's grant schemes will be further developed in future to ensure that they continue to support excellence and that they are administered in an efficient way. Measures intended to increase the attractiveness of EU and associated countries to researchers from third countries are being considered. Adjustments and campaigning are also planned to improve the participation of female researchers. The Scientific Council has agreed to further strengthen work programme provisions that take into account career breaks in the professional experience of women scientists.

The ERC is also keen that funding is not confined only to the wealthier countries and regions of Europe. Within the framework provided by the ERC Model Grant Agreement and other available administrative and legal possibilities, host institutions are expected to make appropriate efforts to attract and retain scientists and scholars of the calibre to be awarded an ERC grant.

At the same time host institutions are expected to attribute the resources of the ERC grant towards the achievement of the goals of the specific research project. ERC grants should support research excellence across the whole of the European Union and associated countries, including countries and regions that are less well endowed with research facilities and infrastructure. By these means, ERC grants can complement the efforts of host institutions to build or reinforce excellence across Europe.

Effectiveness and efficiency will be improved through monitoring and evaluation and, in particular, through the review of ERC structures and mechanisms. The ERC sees itself as a "learning organisation" and the experience gained so far will serve to make the review, which should be completed within the term of the present College of Commissioners, a valuable exercise.