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

**Interim Evaluation of the Joint Baltic Sea Research and Development Programme
BONUS**

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Interim Evaluation of the Joint Baltic Sea Research and Development Programme BONUS

1. INTRODUCTION

This Report presents the results of an Interim Evaluation in compliance with Art. 13 of the Decision (862/2010/EU) of the European Parliament and Council concerning the participation of the Union in a Joint Baltic Sea Research and Development Programme (BONUS) undertaken by several Member States. The Decision requires the Commission to undertake an Interim Evaluation of BONUS no later than 31 December 2014 to assess progress towards the objectives set out in the Decision, as well as proposing recommendations to further enhance integration, quality and efficiency of implementation (including scientific, management and financial integration). The Interim Evaluation also assesses to what extent the financial contributions from the Participating States¹ are appropriate, given the demands of their national research communities.

An Independent Panel with five experts has undertaken the Interim Evaluation of BONUS and their findings are provided within a detailed Evaluation Report².

This Report summarises the main conclusions of the Interim Evaluation and includes the Commission's observations.

2. CONTEXT AND OVERVIEW OF BONUS

The Baltic Sea is unique: semi-land locked, one of the world's largest brackish water bodies, partially covered by winter ice, surrounded by nine States, eight of whom are EU Members. The Baltic Sea environment has been seriously affected by many pressures; both natural and man-made. These include pollutants such as dumped chemical weapons and heavy metal compounds. Also high levels of nutrients are linked to oxygen depleted dead zones, algal blooms and impacts on the natural fauna and flora. The unique biodiversity of the Baltic Sea Region has been further affected by the introduction of non-endemic alien organisms, fishing, maritime traffic, offshore activities, changing weather patterns, growing economies with increasingly intense agricultural practices and expanding coastal populations. These pressures have seriously reduced the capacity of the Baltic Sea to provide the sustainable goods and services upon which the region depends directly and in terms of social, cultural and economic benefits.

The European Council in 2007 highlighted concern for the status of the environment in the Baltic Sea, as reflected in the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions concerning the European Union Strategy for the Baltic Sea Region.³

¹ Denmark, Germany, Estonia, Latvia, Lithuania, Poland, Finland and Sweden

² <http://ec.europa.eu/smart-regulation/evaluation/search/download.do?documentId=12453881>

³ COM(2009) 248 final of 10 June 2009

Science can address these challenges and provide solutions to the urgent environmental problems facing the Baltic Sea. As a consequence, there was a need for a qualitative and quantitative stepping-up of research in the Baltic region through the development and implementation of a fully-integrated approach, whereby the relevant research programmes of all the bordering States could be streamlined and focused in order to address the complex and urgent issues in a coordinated, efficient and effective manner.

In response and following previous progress towards greater research integration supported by an ERA-NET⁴ from 2003 to 2008 and an ERA-NET Plus from 2007 to 2012, the Council invited the Commission to present a proposal for an initiative under Article 185 of the Treaty on the Functioning of the European Union (former Article 169 of the Treaty establishing the European Community) for the Baltic Sea Region, which enables the EU to participate in research programmes undertaken jointly by several Member States. Article 185 initiatives seek to establish a durable integration of national research programmes to overcome fragmentation and integrate at scientific, financial and managerial levels.

BONUS was established following the Decision⁵ of the European Parliament and Council as an Article 185 joint undertaking of Denmark, Germany, Estonia, Latvia, Lithuania, Poland, Finland and Sweden (“the Participating States”) with the participation of the EU.

The overall objective of BONUS is to “*enhance the Baltic Sea Region's research capacity so as to underpin the development and implementation of 'fit-for-purpose' regulations, policies and management practices, to respond effectively to the major environmental and key societal challenges the region faces now and will face in the coming years and to improve the efficiency and effectiveness of the Baltic Sea Region's fragmented environmental research programming and approach by integrating the research activities in the Baltic Sea System into a durable, cooperative, interdisciplinary well integrated and focussed multi-national programme. BONUS shall also contribute to the establishment and structuring of the European Research Area (ERA) within the Baltic Sea Region*”.⁶

To achieve this objective, BONUS is required to establish a policy-driven Strategic Research Agenda, increase integration and coordination between cross-border and cross-sectorial public research programmes, raise the research capacity of less research intensive Baltic States, establish appropriate implementation modalities for a joint management legal entity and governance structure and launch cross-thematic, strategically focussed and multi-partner joint calls for proposals.

BONUS is a EUR 100 million programme, with a maximum European Union financial contribution of EUR 50 million and matched within that limit by the national contributions from the Participating States. Up to 25% of the national contributions may be provided in-kind as infrastructure provided free of charge for use by beneficiaries within BONUS projects.

The implementation of BONUS is undertaken by a European Economic Interest Grouping (BONUS EEIG) established in Helsinki. The Secretariat is responsible for administrative, financial and contractual management and reports to a governing Steering Committee. The

⁴ An FP7 funding instrument supporting networking of national research
http://cordis.europa.eu/fp7/coordination/about-era_en.html

⁵ No. 862/2010/EU of 22 September 2010

⁶ Section I of Annex I to the Decision 862/2010/EU

Steering Committee comprises representatives of all Participating States and is the programme's highest governing body. The Steering Committee takes decisions and mandates the Secretariat's work. The Commission has permanent observer status within this body.

The Decision requires implementation of BONUS in two phases: an initial strategic phase and a subsequent implementation phase. Within the initial strategic phase, BONUS EEIG has established a Strategic Research Agenda and agreed the necessary detailed implementation modalities. These modalities generally follow FP7 and concern rules for financial management, funding rates and reporting requirements, which are specified within an Implementation Agreement, concluded between the Commission and BONUS EEIG in October 2012 following an ex-ante audit of BONUS EEIG's capacity to manage the programme and the subsequent follow-up of critical recommendations.

Conclusion of the Implementation Agreement launched the implementation phase of BONUS. The implementation phase is required to last at least 5 years until October 2017 and mainly comprises the publication of calls, selection of proposals and support of collaborative research projects. Further activities include dissemination, regularly updating of the Strategic Research Agenda, interfacing with science policy, collaborating and sharing best practice with relevant science communities in other European sea basins.

In November 2012, BONUS published its first calls concerning *Viable Ecosystem* and *Innovation*. Following evaluation, 7 *Viable Ecosystem*⁷ and 13 *Innovation* projects⁸ were recommended for support. The *Viable Ecosystem* grants have been placed in early 2014 and the *Innovation* grants followed later in 2014. A third call concerning *Sustainable Ecosystem Services* was published in January 2014 and as such was not subject to this evaluation.

A variety of dissemination events have taken place including cooperation with the Helsinki Commission (HELCOM)⁹ the Baltic Sea Region Programme¹⁰ and the European Parliament.

3. INTERIM EVALUATION REPORT OF THE INDEPENDENT EXPERT PANEL AND COMMISSION OBSERVATIONS

The Evaluation Report covers progress of BONUS towards achieving the objectives set out in Article 2 and Annex I of the Decision as well as the extent of integration, the quality and efficiency of implementation.

The Commission considers the methodology applied by the Expert Panel sound. The main data sources used for the assessment were documents concerning the BONUS programme, related EU policies and other programmes associated with the Baltic Sea Region. Interviews have also been undertaken with a wide range of internal and key stakeholders. These allowed for a triangulation of data and have thus contributed to robust conclusions. For example, the expert panel have observed a meeting of BONUS's governing Steering Committee, which has enabled them to confirm that research projects are correctly selected only on the basis of a ranked list established on the basis of excellence in accordance with scores provided by independent expert evaluators and in line with FP7 rules.

⁷ http://www.bonusportal.org/bonus_projects/viable_ecosystem_projects_2012

⁸ http://www.bonusportal.org/bonus_projects/innovation_projects

⁹ Baltic Marine Environment Protection Commission – Helsinki Commission; <http://helcom.fi/>

¹⁰ <http://eu.baltic.net/>

Since at the time of the Interim Evaluation, it was too early in the implementation phase to draw conclusions from research supported by BONUS, it is reasonable that preliminary conclusions have been drawn from the scope of research supported and the results from research grants within similar fields supported by the preceding ERA-NETs.

Sections 3.1 to 3.5 provide a summary of the experts' conclusions within the Evaluation Report and the Commission position on these is expressed in section 4.

3.1 Relevance

The objectives of BONUS were established in response to the multiple natural and human induced pressures, which are causing serious harm to the environmental status of the Baltic Sea and its capacity to sustainably provide the goods and services upon which the region depends.

As result of regulation the Baltic Sea's environment has improved in recent years, however the enhancements have not been as much as expected and toxic algal blooms, oxygen depleted dead zones, alien species, depleted fisheries and crowded marine space remain characteristic of the Baltic Sea.

The Baltic Sea is almost entirely enclosed, with a low rate of recirculation and complex interdependencies between ecosystems, human activities, land and sea. The Evaluation Report highlights the continued importance of the integrated approach of BONUS. It is emphasised that the involvement of all Baltic Sea States is essential since it supports a common understanding and coordinated actions to address the challenges facing the Baltic Sea.

In response, BONUS has undertaken wide stakeholder consultation and developed in agreement with all Participating States a policy-driven Strategic Research Agenda that defines the essential research needs and priorities to be addressed to improve the environment of the Baltic Sea and to enable sustainable development, which will support the economies of the Baltic States.

The Strategic Research Agenda¹¹ was updated in January 2014 following another wide stakeholder consultation.

BONUS continues to overcome the regions' previously fragmented environmental research programming and has established a durable, cooperative, interdisciplinary and multinational research programme. It provides knowledge to underpin science-based management and sustainable development for a better future of the Baltic Sea.

The integration that has been achieved between national research programmes within BONUS has been possible following ten years of increasingly close cooperation supported by the preceding ERA-NETs.

Overall, the Panel concludes that the original objectives, which justified the establishment of BONUS remain relevant and implementation of the Strategic Research Agenda will support research and innovation that continues to address the ongoing challenges facing the Baltic.

¹¹ http://www.bonusportal.org/files/2981/Publication_No._14.pdf

3.2 Effectiveness

The Evaluation Report considers that BONUS has achieved a high level of transnational scientific integration through the common definition of research topics and a common excellence-based evaluation of project proposals undertaken by independent experts without regard to nationality. This approach together with networking activities has created a transnational research "community" which has substantially reduced fragmentation of Baltic Sea Research and reinforced integration between national research programmes.

The Evaluation Report found that BONUS EEIG's operational management is guided by a comprehensive and appropriate set of procedures. Financial oversight is ensured by an Executive Director and a qualified Financial Manager. BONUS EEIG was considered to operate effectively as a dedicated implementation structure undertaking operational management and ensuring the application of common funding rules.

Following interviews and observation, the governing Steering Committee was considered to be effective, with trust between its members and a constructive problem-solving approach. The Commission attends as observer within the Steering Committee and its interjections were considered valuable to support constructive discussions within the legal framework of BONUS.

Common funding rules and a single budget for each BONUS call for research proposals ensure financial integration. Projects are selected following a centralised evaluation undertaken by independent experts applying FP7 rules and strictly on the basis of a list ranked by score without considering other factors, such as national quotas.

At the time of the report, the European Union and the Participating States have jointly supported 20 research projects to the value of EUR 32 million addressing important topics such as reducing nutrient inputs from the shore, boosting sustainable fisheries, supporting improved monitoring of the marine environment and the effects of combined marine activities. Following a third call, grants supporting further projects that were successfully evaluated by independent experts applying FP7 rules are now being finalised and additional calls will be implemented until completion of the BONUS programme in 2017.

Within the *Innovation* call, enterprises comprised 25% of successful beneficiaries, 16% of these were SMEs. However, due to the more basic research drive approach, only 3% of the successful beneficiaries within the *Viable Ecosystem* call were SMEs and consequently, measures are needed to increase the participation of SMEs.

Drawing upon the scope of projects supported and the outcomes from related research supported by the previous ERA-NETs, the Evaluation Report considers that the quality of BONUS supported research is expected to be high and widely cited.

The Evaluation Report valued the programme's proactive communication policy, which regularly publishes newsletters, bulletins and specific briefings. BONUS participates within relevant organisations such as HELCOM, JPI Oceans¹² and ICES¹³. BONUS is also a frequent keynote speaker within marine research events and within other events related to research collaboration, e.g. the European Maritime Day, the EurOcean conference and the EU

¹² JPI Healthy and Productive Seas: <http://www.jpi-oceans.eu/>

¹³ International Council for the Exploration of the Sea: <http://www.ices.dk>

Baltic Sea Region Strategy Forum. BONUS EEIG has surveyed the effectiveness of its dissemination activities and will use these results to sharpen its focus and increase the take-up impact of its communications to maximise the impact.

BONUS's impact is likely to be increased by its open data access policy and the use of publicly available data-bases for metadata, which will make the results more widely available and enable a better understanding of the mechanisms, which threaten the environment of the Baltic Sea.

BONUS supports a Young Scientist Club with events to promote broader career skills such as skills for presentation of research to a non-scientific audience. Such events support the capacity of researchers to engage with a wider community and consequently increase the impact from their work.

National funding commitments from the Participating States have been provided at the start of the BONUS programme for its entire duration. Some of the Participating States have committed more funds than others. Experience from the first BONUS calls shows a mismatch between the national funds committed and the corresponding funds needed to support the successful national beneficiaries following the outcome of each evaluation. In some cases, the national funds foreseen are insufficient to support the demand from their successful national beneficiaries. So far, this has been overcome by flexibility from the Participating States concerned that have provided additional funding. However, establishing these case-by-case solutions has caused uncertainty and delayed the time to grant.

Another issue concerns the proportion of the national contributions to BONUS provided in-kind as infrastructure for use free of charge within BONUS projects. BONUS EEIG had foreseen that the value of in-kind contributions would be 25% of the total national contributions, which is the maximum value allowed in the Decision. However, early indications are that less national in-kind infrastructure contributions have been provided than expected. If continued, the foreseen cash contributions from the Participating States will be insufficient and will need to be increased to compensate for this shortfall.

3.3 Efficiency

The BONUS Secretariat employs seven persons and the Evaluation Report assesses this as being sufficient to manage the programme with limited spare capacity in case of sickness, holiday etc. The running costs of BONUS are limited to EUR 5 million within the Decision and the Evaluation Report considers that at 5% of total costs, this represents good value. The Evaluation Report also notes that the Participating States provide additional resources to the Secretariat outside of the BONUS Art. 185 structure to support additional activities such as workshops, publications and dissemination. Consequently, EUR 5 million does not fully cover all activities linked to the running of the BONUS programme. If additional activities outside of the scope of the Art. 185 would be taken into account, the full running costs would be closer to EUR 7 million, which is similar to the proportion of management costs applicable within EU research projects.

The Evaluation Report notes that the strategic phase took longer than the 18 months foreseen, mainly due to difficulties formulating detailed implementation modalities within the required legal framework, which could be agreed by all parties concerned.

The average proportion of relevant national research funds channelled through BONUS was estimated to be 14% within the Evaluation Report.

The Evaluation Report states that the administration of national funding contributions separately by each National Funding Institution¹⁴ has caused unnecessary complexity. As a consequence, for each call, BONUS EEIG must conclude separate funding agreements with each National Funding Institution concerned to ensure correct payments of national funds, the application of common funding rules and to ensure audit rights. National Funding Institutions then administer their payments to their respective beneficiaries in line with the funding agreement. This multiplies the funding streams and administration. At project level, each beneficiary receives two streams of funding and must two reports to BONUS EEIG and nationally. It is obviously not efficient to manage multiple funding streams in this way within an integrated programme.

Compared to other Art. 185 initiatives, BONUS is small. However, the administrative requirements are similar, regardless of the size of funding concerned. Consequently, the administrative burden for BONUS is relatively high in proportion to its size.

3.4 EU added value

The Evaluation Report notes that the Baltic is a complex environment with many interconnected actors in diverse fields ranging from transport, tourism, fisheries, planning and agriculture. The Baltic Sea is an almost enclosed environment, where the principles of a circular economy need to be applied to ensure long-term sustainable development. The Baltic Sea is mainly surrounded by EU Member States, consequently it is a region where a coordinated macro-regional EU action such as BONUS provides a large impact.

The EU intervention helps to overcome fragmentation and facilitate the creation of a critical mass of knowledge and financial resources to address the challenges facing the Baltic Sea. The contributions of Participating States have provided a direct 50% leverage towards the EU's investment. The Evaluation Report considers that BONUS's objectives could not be achieved without the intervention of the EU.

The Evaluation Report observes that BONUS has developed an efficient cooperation mechanism using memoranda of understanding to enable entities from the Russian Federation to participate without any EU support. The Commission considers that this participation is valuable to facilitate common approaches to tackling issues of EU concern within the Baltic.

3.5 Coherence

BONUS is a cross-cutting initiative, which is appropriate for the diverse challenges facing the Baltic Sea.

The Evaluation Report refers to BONUS's important contribution to the EU Strategy for the Baltic Sea Region and its object to *"save the sea"*. For example, BONUS is explicitly referenced within the Commission Reports on *"Governance of Macro-Regional Strategies"*¹⁵, *"The Added Value of Macro-Regional Strategies"*¹⁶, *"Implementation of the EU Strategy for*

¹⁴ The possibility for separate administration of national funds arises from Annex 1, section 3.4 of the Decision where it states *"A Participating State may decide to administer its own national funding and to devote its cash contributions exclusively to domestic research that is elected at central level or to have its cash contribution administered centrally by BONUS EEIG"*.

¹⁵ COM(2014) 284, May 2014

¹⁶ COM(2013) 468, June 2013

the Baltic Sea Region"¹⁷ and the Communication "*European Union Strategy for the Baltic Sea Region*".¹⁸

BONUS also supports innovation, which contributes to supporting a sustainable "*Blue Economy*" in line with the objectives of the Commission Communication "*Blue Growth opportunities for marine and maritime sustainable growth*"¹⁹ and the specific reference to BONUS made within the Staff Working Document "*A Sustainable Blue Growth Agenda for the Baltic Sea Region*".²⁰

BONUS is acknowledged to contribute towards sustainable fisheries within the Baltic Sea in line with the EU Common Fisheries Policy.²¹ Also, BONUS addresses the land/sea interface and supports establishment of common approaches to measurement of 'Good environmental status' in line with the EU Marine Strategy Framework Directive.²²

BONUS is coherent with the work of the Helsinki Commission (HELCOM) and the administration of the Helsinki Convention, which is the principal international agreement to protect the Marine Environment of the Baltic Sea. BONUS is observer within this body and the Evaluation Report emphasises the importance of BONUS research towards implementation of the HELCOM Baltic Sea Action Plan.

4. CONCLUSION

The Evaluation is considered sound and reflects the outcome of a logical analysis based on an appropriate methodology undertaken by a panel of highly qualified experts. On this basis, the Commission considers that BONUS is progressively achieving its objectives and has successfully established an integrated Research and Development Programme to tackle the challenges facing the Baltic Sea. BONUS overcomes fragmentation of research programmes, brings together a variety of skills and focusses this effort on creating the essential knowledge and innovative solutions to overcome the Baltic Sea's environmental problems. It is noted that due to the cross-cutting nature of BONUS and the different research funding structures within the Participating States, it is difficult to clearly quantify the proportion of national resources mobilised through BONUS.

BONUS's macro-regional approach to the Baltic and its catchments has enabled stronger impact than a broader programme directed towards the EU as a whole could have achieved. The establishment of closer links between BONUS and the Baltic Sea Region Programme further enhances the impact and is in line with the objectives of Horizon 2020²³, which also seeks to further enhance synergies between research and European Structural and Investment Funds.

BONUS integrates research programming, supports establishment of a European Research Area and contributes to several key policies, notably: the EU Strategy for the Baltic Sea Region, the EU Marine Strategy Framework Directive, the EU Common Fisheries Policy and the HELCOM Baltic Sea Action Plan.

¹⁷ COM(2011) 381, June 2011

¹⁸ COM(2012) 128, March 2012

¹⁹ COM(2012) 494, September 2012 and http://ec.europa.eu/maritimeaffairs/policy/blue_growth/

²⁰ SWD(2014) 167, May 2014

²¹ http://ec.europa.eu/fisheries/cfp/index_en.htm

²² Directive 2008/56/EC of the European Parliament and of the Council of 17 June 2008 establishing a framework for community action in the field of marine environmental policy

²³ <http://ec.europa.eu/programmes/horizon2020/en/>

Whilst a durable integration has been achieved with a particularly high level of scientific and managerial integration, there have been difficulties concerning financial integration.

To strengthen the potential outcomes of BONUS, the Evaluation Report recommends to:

1. Develop a synthesis of the research supported by BONUS since its start as an ERA-NET until its current status as an Article 185. This should highlight the achievements and impacts.
2. Move towards the pooling of national funds to reduce the number and complexity caused by different funding streams. This would ensure more efficient management, reduce time to grant and overcome difficulties associated with applying common funding rules within national administrations.
3. Take steps to increase the provision of in-kind infrastructure contributions to BONUS projects. For example, national administrations could provide incentives to partly subsidise the provision of infrastructure to BONUS. If the in-kind provision of infrastructure cannot be increased, further national cash contributions will be necessary to ensure that BONUS is fully implemented.
4. Take steps to ensure that BONUS projects build synergies and network with other projects and initiatives within the Baltic Sea Region.
5. Increase the interaction between the BONUS Advisory Board and the Steering Committee by, for example, virtual online meetings.
6. Focus communications which highlight the impacts arising from BONUS towards the needs of specific stakeholder groups: institutions, conventions, policies, Directorates-Generals of the Commission, ministries and regional authorities, including those responsible for regional development.
7. The Participating States and the Commission should strengthen strategic communication on the potential of BONUS funded research results for policy to the different Directorates-Generals involved and within Horizon 2020. The Participating States should increase their awareness of the impact of BONUS on their national programmes more widely, e.g. towards fisheries' management, regional development, coastal zone development, agriculture etc.
8. Improve the monitoring of BONUS by more systematic acquisition and analysis of data on the outcomes and impacts arising from BONUS by for example ensuring the regular effective surveying of stakeholders' opinions and by tracking the trends in the total amount and proportion of national funds channelled through BONUS.
9. Target the communication of calls for proposals towards SMEs and provide additional support towards applications by SMEs and facilitate their incorporation within developing project consortia.

The Commission accepts these recommendations, which are considered founded upon an appropriate analysis and a sound methodology. The recommendations will be taken up in discussions between the Commission and BONUS EEIG and their implementation will be followed up as part of the Commission's oversight of the BONUS programme.

Recommendations two and three concerning the provision of national funds are considered particularly important. Separate administration of national funds for domestic beneficiaries has caused a less efficient structure. The lack of a 'real common pot' to pool national funds risks insufficient national funding being available to support successful beneficiaries from certain countries within later BONUS calls. To avoid this, the Participating States must be able to ensure that sufficient national funding is available to support all beneficiaries within successful BONUS projects. Early indications also show a potential shortfall in the value of national in-kind infrastructure contributions provided. Any shortfall will need to be addressed by either providing more in-kind infrastructure for free use within BONUS projects or by increasing national cash contributions. Otherwise, a serious shortcoming will be that BONUS is not implemented to the programmes expected full financial value of EUR 100 million.

Also, in line with these recommendations, the Commission will seek to more systematically acquire and analyse relevant data to improve monitoring of the impacts arising from the BONUS programme and will strengthen the communication of relevant outcomes towards relevant services within the Commission.

The Commission wishes to thank the Expert Panel for their report following the interim evaluation of the BONUS programme.