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WORKING PAPER

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From:	Council of the European Union
To:	ERAC (European Research Area and Innovation Committee)
Subject:	Informal videoconference of ERAC (16/03) - Item 5 : The renewed and new R&D investment targets

Dear ERAC delegates,

Please find enclosed the document from the European Commission on above mentioned subject, with a view to the ERAC videoconference on Tuesday 16 March (agenda item 5).

Best regards,

ERAC Secretariat

SIP Note – ERAC meeting 16 March 2021
Communication on “A new ERA for Research and Innovation”
Delivering on the R&D investment targets

The purpose of this note is to set out an approach and a process to roll out Action 1 of the ERA Communication on the R&D investment targets.

1. Context

The Communication “A new ERA for Research and Innovation” presents the Commission’s proposal for a revitalised ERA with a forward-looking agenda based on a set of ambitious political objectives and R&D investment targets. Under the Objective “Prioritising investments and reforms”, Action 1 proposes:

- a) **Member States re-affirm the 3% EU GDP R&D investment target and update it to reflect new EU priorities.** This target was endorsed in the Conclusions of the Competitiveness Council of 1 December 2020.
- b) **A new 1.25% EU GDP public effort target to be achieved by Member States by 2030 in an EU coordinated manner to leverage and incentivise private investments.** Businesses R&D continues to be low jeopardising EU’s capacity to position itself at the technological frontier and generate new knowledge to reap the benefits of the transitions. The target includes direct and indirect R&D funding through R&D tax incentives.
- c) **A new 5% of national public R&D funding target for joint programmes and European partnerships by 2030.** This target will help Member States prioritise and coordinate their R&D investment efforts towards common goals.
- d) **A new target to increase the total investment in R&D by 50% in the next 5 years in those Member States that lag behind the EU average R&D investment over GDP.** This target will address the differences in investment trends between Member States that translate into gaps in scientific excellence and innovation output.

The ERA Roadmap proposes Action 1 to be implemented in collaboration with Member States¹ and stakeholders starting from January 2021.

2. Envisaged approach

The European Commission (DG R&I) will assist Member States in voluntarily translating the R&D investment targets at national level taking into account their specificities. In order to implement this process, it will:

- a) **Provide new knowledge and evidence** on the R&D investment targets and the opportunities for reinforced directionality towards delivery on the green and digital

¹ Involvement of Associated Countries in this process to be agreed.

transitions², duly considering existing capacities in R&I areas, domains and technologies. DG R&I analytical work and targeted analyses, including input papers by experts and the Commission services, will underpin this process. By the nature of the R&D targets, the work will mainly focus on the 3% R&D target, the 1.25% R&D target and the 5% R&D target and the alignment of the investments to achieve the green and digital transitions.

- b) **Organise joint policy and technical discussions with Member States, experts and stakeholders** to reflect on the targets and commonly agree on their specificities as well as on the process and methodology for their roll out and monitoring at national level. As a preliminary approach, a dedicated discussion will take place in the Expert Group on the ERA Forum for Transition, while ERAC will be kept informed on the progress and provide strategic advice.

- c) **Organise bilateral debates with Member States to voluntarily translate the targets in the national contexts.** This will be followed by the **yearly monitoring of progress** which may take place in the context of the Recovery and Resilience Plans and the European Semester, with the help notably of the future ERA Scoreboard, including based on the development of common methodologies to track the direction of investments in line with the green and digital transitions³. DG R&I will provide quantitative information, including from work and cooperation with Eurostat and the OECD.

Some of these activities will be underpinned by the **work of TRIP** (Transformative Research and Innovation Policy Initiative)⁴ **and SRIP** (Science, Research and Innovation Performance of the EU Report)⁵ to build evidence and foster debates for a transformative R&I policy aiming at maximising the impact of R&D investments towards the green and digital transitions and the recovery.

² The Council Conclusions on the New European Research Area of 26 November call on the Commission and Member States to jointly develop and implement ERA actions in close cooperation with ERA stakeholders that address the main challenges to foster directionality. “Directionality” is defined as a process of strategic coordination between R&I and other relevant policy areas in order to strategically orient and prioritise R&I investments and prepare for the design and implementation of R&I driven policy initiatives that contribute to achieving the green and digital transitions and the Sustainable Developments Goals (SDGs).

³ For example, the approach used for Framework Programme monitoring could be considered, e.g. in relation to the delivery on the green and digital transitions (e.g. translating the European climate neutrality objectives and the 35% climate investment target into the overarching investment targets).

⁴ Under TRIP, the Commission services will create a single umbrella of knowledge and evidence on transformative R&I policy. First, by gathering new knowledge on its underpinnings and guidance on how to realise it. Second, building a strong evidence base on the effects and effectiveness of such policy. Third, proposing innovative and practical R&I solutions and instruments. It will generate deliverables which are demand-oriented, timely and geared to support topical policy debates fit for different audiences.

⁵ https://ec.europa.eu/info/research-and-innovation/strategy/support-policy-making/support-national-research-and-innovation-policy-making/srip-report_en

3. Proposed steps and milestones

It is proposed to unfold the work in a sequential manner with the following steps:

16 March 2021	ERAC Meeting
	<ul style="list-style-type: none"> • Standing Information Point to Member States and Associated Countries on the process prior to the meeting. <p>Outcome: Delegations will have the opportunity to ask questions and provide strategic advice.</p>
26 March / 21 April 2021	ERA Forum for Transition
	<ul style="list-style-type: none"> • Dedicated policy-oriented debate on the process and of the key aspects underpinning the translation of the EU targets into national targets, including the possibility to shruning the R&D targets in the ERA Pact. <p>Outcome: kick-start the process prior to the first submission of an ERA Pact draft, agree on the process and identify “Coalitions of the willing” by sub-sets of MS interested in specific targets.</p>
June 2021	R&I Days
	<ul style="list-style-type: none"> • Organisation of specific sessions on the R&D investment targets together with Member States, external experts, stakeholders, and representatives of other DGs (e.g., ECFIN, GROW, JRC, REGIO) and institutions. <p>Outcome: Open discussion and presentation of the state of play.</p>
September 2021	ERA Forum for Transition
	<ul style="list-style-type: none"> • Take stock of the R&I Days sessions on R&D investment targets and preparation of the Technical Seminars in October in full co-creation with MS. <p>Outcome: Continuation of the structured discussion and agreement on the focus of the Technical Seminars.</p>
October 2021	Technical Workshops/s with Member States
	<ul style="list-style-type: none"> • Technical seminar/s organised with policy makers and experts from the Member States, discussion and agreement on the specificities of each of the targets. <p>Outcome: Agreement with Member States on the technicalities and specificities of each of the targets.</p>
Nov/December 2021	Bilateral policy discussions with Member States and monitoring

- Bilateral talks with Member States in view of voluntarily translating R&D targets and subsequent monitoring of performance (within the frame of the Recovery and Resilience Plans and the European Semester).

Outcome: Translation of R&D targets at national level and monitoring and assessment of progress, including the direction of investments according to SDGs and EU priorities.