Establishment of the "ARTEMIS Joint Undertaking" to implement a Joint Technology Initiative in Embedded Computing Systems

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The Commission presents its first interim evaluation of the ARTEMIS and ENIAC, the two Joint Undertakings implementing the Joint Technology Initiatives (JTIs) in the fields of embedded systems and nanoelectronics research. The report formulates the Commission's initial response to the evaluation's recommendations and sets out follow-up measures. Furthermore, the Commission intends to prepare a Communication, scheduled for the first half of 2011, to set out its overall conclusions on the interim evaluations of all the JTIs and the interim assessments of the Recovery Plan Public-Private Partnerships (PPPs).

The ARTEMIS and ENIAC JTIs were established in 2007 as Joint Undertakings (JUs). After their first two calls for proposals, ARTEMIS and ENIAC have launched 25 and 18 projects, respectively, each with an average duration of three years. The EU and JTI Member States together have so far committed EUR 576 m to both JTIs combined (2008-2010), in addition to private R&D efforts worth about double that amount. While this represents a considerable public investment in two crucial technology fields, the present public support falls far short of the original objectives set in the Commission's proposals for establishing the Joint Undertakings (total of EUR 900 m combined for the same period). The current investments in the

two JTIs also do not live up to the expectations of the research stakeholders, who had ambitions for programmes amounting to EUR 2.5 to EUR 3 billion each (corresponding to the Commission's overall proposal).

Evaluation results: significantly, the evaluation panel recognises the value of a tripartite structure for JTIs in these fields, pooling resources from industry, the EU and Member States. However, the experts express their concern that ARTEMIS and ENIAC are not giving sufficient attention to their European strategic aims. The panel calls for a strategic re-focusing of the two JTIs, involving all stakeholders and moving further towards a truly joint effort. The evaluation panel also considers that the **funding shortfall is a critical issue**. The shortfall appears to be partly related to the ITEA2 and CATRENE Eureka intergovernmental schemes, which work in parallel with ARTEMIS and ENIAC and which are supposed to progressively integrate with the JTIs where added value can be created.

Follow up action: the Commission will undertake:

- immediate actions for the existing Joint Undertakings (i.e. the JTI activities in the period 2011-2013) to be followed up through their governance structures; and
- longer-term actions for the potential next generation of PPPs in these domains under the Innovation Union and Digital Agenda for Europe flagship initiatives launched to address the Europe 2020 strategy.

General recommendations: the Commission agrees that the JTIs would benefit from recommitment by the partners to the tripartite model and to a European strategic agenda as soon as possible. The Commission will engage with industry and Member States to explore the best way to achieve this.

Recommendations for Member States: the Commission acknowledges that there is a need to **increase the financial contributions from Member States** in order to reach the overall financial objectives set out in the Regulations. In addition, it will propose that the **Member States agree on a multi-annual budgetary contribution for the remaining lifetime of the JUs** with the aim of achieving the original goals of the JTIs. This is one element of the strategic recommitment the Commission expects from its partners.

Member States have so far paid little attention to the required synchronisation of their operations. The Commission will insist that national practices be adopted in line with the terms of the Regulations and the Administrative Arrangements in place in order to help converge on common practices. It will also propose the creation of a Working Group within the Public Authorities Boards to deal with the benchmarking of national practices to improve the harmonisation of administrative processes and national funding rates.

Recommendations for the industrial associations: the Commission will propose measurable indicators and ask the industrial associations regularly to undertake a strategic analysis of the results and impact of each call for proposals.

Recommendations for the European Commission: the evaluation panel calls on the Commission not to apply the framework Financial Regulation or the Staff Regulations to potential future PPPs. The Commission proposed, in the triennial revision of the Financial Regulation, two additional options to implement public-private partnerships: a mixed public-private body based on Article 185a of the Financial Regulation and a private-law body. This proposal, if adopted by the legislator, would create the framework for following this recommendation.

The Commission will also:

- investigate ways of combining funding from different sources;

- consider how to provide financial support to activities that are critical to achieve the European strategic objectives of the JTIs and that could not be supported under the current JTI set-up, such as infrastructure or innovation projects that are not R&D activities in the strict sense;

- establish a set of indicators to assess the achievements of the JTIs against the goals enshrined in their founding acts and their multi-annual strategic plans.

Recommendations for the Joint Undertakings: the Commission is aware of the difficulties experienced by the industrial associations in generating sufficient income from their membership fees or other types of activities without mandatory contributions from all beneficiaries of the projects. It will support steps by the JUs to improve the current situation.

The Commission's position towards Eureka and the problem of underinvestment: the Commission agrees that the parallel operation of Eureka clusters (CATRENE and ITEA2) and the JTIs in the areas of nanoelectronics and embedded systems adds complexity to the European Research Area, is confusing for the research community and is intrinsically inefficient. It considers that the co-existence of Eureka clusters and the JTIs contributes to the present shortfall in contributions from the Member States to the JUs and the Eureka clusters, as the financing of both instruments often comes from a single source at national level. This important issue is not addressed in the report. The Council, however, had acknowledged this situation when adopting the regulations establishing the JTIs, in particular in calling for progressive integration of the two funding mechanisms. Integrating the two approaches under one roof would facilitate the implementation of a single strategy for Europe, ensure sufficient resources to reach critical mass and enable the partners involved to choose the right mix of instruments for their aims.

Even though the panel states that operational integration should only be considered over the long term and not for the period from 2014 onwards, the Commission's ambition is to keep working on the progressive integration of these two funding mechanisms. The Commission will actively participate in the existing structures (JTI and Eureka) and working groups in order to make further progress with the differentiation and coordination of activities, and will study the detailed conditions under which the progressive integration of the Eureka clusters within the JUs' operations would create added value.