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

**explaining the European Research Council operations and realisation of the objectives
set out in the Specific Programme "Ideas" in 2007**

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1. Introduction

The European Research Council (ERC) is an ambitious new component of the European Union's research policy. It has been established under the provisions of the Seventh Framework Programme, and is the means for implementation of the Specific Programme "Ideas", with a budget of € 7.51 bn over the period 2007-2013. Consisting of an independent Scientific Council supported by a dedicated implementation structure and operating according to the principles of scientific excellence, autonomy, efficiency, transparency and accountability, the ERC's mission is to promote the very best research at the frontiers of knowledge across all areas of science and scholarship, through competition at European level between individual research teams.

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

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.

This Annual Report of the Commission, 2007, which has been 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 first year of existence.

2. Legal and organisational base

The European Research Council (ERC) came officially into existence on 2 February 2007, by a Decision of the Commission¹, in accordance with the Decisions of Council and Parliament on the Seventh Framework Programme² and Rules for Participation³, and the Decision of the Council on the Specific Programme "Ideas"⁴.

This Commission Decision formally established the ERC Scientific Council (ScC), and provided for the establishment of the dedicated implementation structure as well as the position of ERC Secretary General, whose role is to assist the Scientific Council in ensuring its effective liaison with the Commission and the dedicated implementation structure⁵.

¹ 2007/134/EC; OJ L 57, 24.02.2007, p.14.

² 1982/2006/EC of 18.12.06, OJ L 412, 30.12.2006, p.1.

³ 1906/2006/EC of 18.12.06, OJ L 391, 30.12.2006, p.1.

⁴ 2006/972/EC of 19.12.06, OJ L 400, 30.12.2006, p.243 and corrigendum OJ L 54, 22.02.2007, p.81.

⁵ To prepare for the start-up of the ERC, precursors to both the Scientific Council and the dedicated implementation structure were set up by the Commission in advance of the Decision on the Seventh Framework Programme. Members of the Scientific Council were nominated by Commissioner Potočnik in July 2005 and held a first meeting in October 2005.

A subsequent Commission Decision⁶ established the first ERC Secretary General, selected independently by the Scientific Council, in the position of Special Advisor to the Commission.

The Scientific Council is an independent body, representing the European research community and consisting of 22 scientists, engineers and scholars of the highest repute from a broad range of fields, and has the responsibility for setting the scientific strategy for the "Ideas" specific programme. It has full authority over decisions on the type of research to be funded and acts as guarantor of the quality of the activity from the scientific perspective. Its tasks cover, in particular, the establishment of the annual work programme and necessary modifications, including calls for proposals; the methods and procedures for peer review and proposal evaluation, monitoring and quality control of the programme's implementation from the scientific perspective; and communication.

Immediately after the Decision establishing the ERC, the Scientific Council confirmed the election of its Chair and two Vice-Chairs, and adopted rules of procedure, including provisions for the functioning of the Scientific Council; liaison with the dedicated implementation structure via the ERC Secretary General; and a code of conduct and declaration to avoid conflicts of interest and ensure confidentiality.

To further assure its effective operation as well as its interaction with the Commission and dedicated implementation structure (ERC DIS), and consistent with the ERC Decision¹, Article 5(4), the Scientific Council set up an ERC Board, consisting of its Chair and Vice-Chairs, the ERC Secretary General. The Director of the dedicated implementation structure is invited to participate in these meetings.

The dedicated implementation structure is to be set up as a lean and cost-effective external structure, in the form of an executive agency of the Commission – the ERC Executive Agency (ERCEA), whose role is to implement the Ideas programme until the ERCEA becomes operational, the functions of the ERC-DIS are assured by Directorate S of DG Research, a new Directorate created for this purpose on 1 October 2006.

During 2007, the Commission made significant progress towards establishing the ERCEA. Following consultation with Commission services and the other Community institutions, the Member States' Regulatory Committee on Executive Agencies gave a positive opinion on the draft proposal on 14 November. This was followed by a positive vote by the Budgetary Committee of the European Parliament on 27 November. The Commission Decision establishing the ERCEA was subsequently adopted on 14 December⁷.

The Commission also adopted ERC-specific Decisions on implementing arrangements, in particular the *ERC Grant Agreement* covering frontier research projects, and associated *ERC Supplementary Agreement* setting out the obligations of the host organisation to the Principal Investigator⁸; and the *ERC Rules for the submission of proposals and the related evaluation, selection and award procedures relevant to the Ideas Specific Programme*⁹.

⁶ C(2007)4670-3 of 15.10.2007, not published.

⁷ 2008/37/EC; OJ L9, 12.01.2008, p.15.

⁸ C(2007)1625 of 16.04.07, as last amended by the decision of the Commission C(2007)3598 of 31.07.07, not published.

⁹ C(2007)2286 of 06/06/2007 as last amended by the decision of the Commission C(2007)4429 of 27.09.2007, not published.

3. ERC Strategy, work programme and peer review methodology

Strategy

The Scientific Council has the responsibility for setting the ERC's scientific strategy, including establishing the annual Ideas Work Programme. During 2007, the Scientific Council met 8 times in plenary session. The ERC Board set up by the Scientific Council met 10 times during the year to plan the Scientific Council meetings and liaise with the dedicated implementation structure.

In accordance with the objectives of the Specific Programme "Ideas" the Scientific Council has developed two "core" funding schemes, which are based on the "investigator-driven" principle, enabling individual Principal Investigators (PIs) leading individual national or trans-national teams to propose "bottom-up" research projects (i.e. without predefined topics) including high risk, interdisciplinary projects, which are evaluated against the sole criterion of excellence:

The ERC Starting Independent Researcher Grants ("ERC Starting Grants" (StG)): supporting the independent careers of excellent researchers, whatever their nationality, located in or moving to the Member States and associated countries, 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" (AdG)): supporting excellent, innovative investigator-initiated research projects across the Member States and associated countries, directed by leading advanced investigators of whatever age, who have already established themselves as being independent research leaders in their own right.

These funding schemes are designed to promote research excellence in all fields of knowledge and scholarship, and to secure the corresponding human capital, by both retaining in Europe and progressively recruiting from abroad some of the top research talent of both the current and the next generation. They provide substantial funds (up to € 400,000 per year over 5 years for StG and up to € 500,000 per year over 5 years for AdG) and flexible conditions. They are intended to operate for the period of the Seventh Framework Programme, with progressively increasing call budgets and with call deadlines organised on an annual basis, thereby presenting a high level of continuity and predictability to the research community.

Work programmes

The Scientific Council established the ERC / Ideas work programmes for 2007 and 2008 on the basis of the above strategy.

The 2007 Ideas work programme, which launched the first ERC Starting Grant call, was transmitted by the Scientific Council (then operating in "precursor" mode) to the Commission in October 2006. Following inter-service consultation and opinion of the Programme Committee, the provisional work programmes were adopted by the Commission in December 2006 and calls for proposals issued on 22 December 2006. Following the entry into force of the Seventh Framework programmes, the specific programmes and the rules of participation, and the formal establishment of the ERC, the 2007 Ideas work programme was adopted without change on 26 February 2007¹⁰ and, modified on 2 October 2007¹¹

¹⁰ C(2007)561 of 26.02.2007, not published.

¹¹ C(2007)4467 of 02.10.2007, not published.

The 2008 Ideas work programme¹², which launched the first Advanced Grant call, was transmitted by the Scientific Council to the Commission in October 2007 and adopted without change by the Commission on 29 November 2007. The 2008 work programme also included a call for Co-ordination and Support Actions (CSA) to generate a portfolio of projects, studies and associated initiatives that will contribute to the evaluation of the impact of the ERC activities and provide relevant evidence to contribute to the ERC mid-term review (see point 7 below). It 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 work¹³.

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 gave 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, to ensure that proper consideration is given to high quality, interdisciplinary proposals. Twenty panels were set up for the first ERC Starting Grant call covering all scientific domains. Based on the experience gained from the call, the number of panels has been increased to 25 for the first ERC Advanced Grant call.

4. Programme implementation

The ERC-DIS is responsible for all aspects of administrative implementation and programme execution, as provided for in the work programme. It will, in particular, implement the evaluation procedures, peer review and selection process according to the principles established by the Scientific Council, and ensure financial and scientific management of the grants.

The main activities in 2007 have been the provision of strategic and administrative support to the Scientific Council, implementation of the first call for ERC Starting Grants, including the operational development of the call management and peer review systems, preparation of the first ERC Advanced Grants call, communication with the scientific community and assurance of the integrity of procedures and processes.

The ERC Starting Grant call

The ERC Starting Grant call was published on 22 December 2006 with a deadline of 25 April 2007, and indicative budget of €290 million; the ERC-DIS implemented the ERC peer review system, including the appointment of the panel members, as defined by the Scientific Council.

A total of 9167 proposals were received of which, following eligibility check, 8794 were peer reviewed, in a two stage process. At the end of the first stage, 559 successful applicants (6%) were invited to submit a more detailed proposal by the deadline of 17 September 2007. The second stage peer review evaluation involved remote individual assessments, carried out by

¹² C(2007)5746 of 29.11.07, not published.

¹³ These support actions followed SSAs established with a similar purpose as preparatory actions under the Sixth Framework Programme.

panel members and referees and individual interviews¹⁴ with the respective panel, prior to the final panel discussion and ranking.

In line with the work programme, panels recommended the level of funding for each successful proposal, subject to technical adjustments by the ERC-DIS in some cases to assure consistent and appropriate treatment of salary costs according to the Rules of Participation. With funding levels of applications averaging slightly more than €1 million, and with the addition of a proportion of available third country receipts to the indicative call budget¹⁵ it is expected that about 300 proposals will be funded, strictly according to the rank order decided by the peer review panels. Of these projects, 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 will be submitted for opinion of the Programme Committee for regulatory approval.

Redress

The ERC put in place redress procedures, following the model established for the Seventh Framework Programme¹⁶. The "Ideas" configuration of the redress committee considered 245 redress requests relating to the 9167 proposals submitted following the stage 1 peer review evaluation; this number represents approximately 3% of the total number of applications. The redress committee concluded that 15 of these cases (6% of complaints; 0.16% of proposals received) required a re-evaluation, resulting in 1 proposal being passed to stage 2¹⁷. Following the stage 2 evaluation procedures, 27 cases were received and have been processed, but none were retained¹⁸.

Grant management

The ERC-DIS has also set up procedures for the financial and scientific management of the grants building on existing good practice and simplifying processes where appropriate. It has designed and implemented means for the ERC-DIS to prepare ERC grant agreements and manage grants efficiently in accordance with the principles established under the Specific Programme "Ideas", allowing research projects to operate in a highly flexible way that is also fully accountable.

ERC grants will be subject to both scientific and financial monitoring over the lifetime of the project. To keep the administration requirements for the Principal Investigator to a minimum, in most cases only a mid-term scientific report is foreseen. Reporting on financial aspects and the use of resources will be more frequent, with the host institution submitting the relevant information at the end of each financial management reporting period. To ensure that Principal investigators can adapt to scientific developments and carry out work with unpredictable outcomes, project payments will not be conditional on deliverables but on the effort and use of resources (funding) for the project.

¹⁴ The Ideas work programme C(2007)4467 of 02.10.07 and the ERC Rules for Submission of proposals C(2007)4429 of 27.09.2007 were modified, to include a provision for the reimbursement of the travel expenses of the applicants invited to interviews with the ERC Panel in Brussels.

¹⁵ Commission Decision to adapt the work programme C(2008)1640 of 29.04.2008 the total available budget for the call increased to €335 million.

¹⁶ OJ L 391, and OJ L400 of 30.12.2006 (EC and Euratom rules respectively) and corrigendum in Euratom OJ L54 of 22. 02.2007, p4.

¹⁷ There remains one stage 1 request pending (Ombudsman case n° 485/2008/(IG)IP)

¹⁸ Information regarding the redress procedures is on the CORDIS website at:

http://cordis.europa.eu/fp7/ideas/redress_en.html

The ERC Advanced Grant call

The call for ERC Advanced Grants, was published on 30 November 2007 with three different deadlines depending on the domain (Physical and Engineering sciences; Life sciences; Social sciences and Humanities) in Spring 2008. The call involves 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 two-step evaluation.

5. Communication

A significant effort has been made during 2007 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, have been developed during 2007 to disseminate information on the ERC. These include the establishment of the ERC website at <http://erc.europa.eu> which was launched on 14 February 2007¹⁹; the establishment of National Contact Points (ERC NCPs) in more than 36 countries (27 EU Member States, 9 Associated Countries and some third countries); production and broad dissemination of a brochure introducing the Scientific Council to 75 000 contacts in Europe, including key stakeholders in research, policy and economy; and launching an awareness-raising campaign on the ERC focusing on the 1st Starting Grant call, with over 90 presentations at FP7 and ERC launch events in 23 countries, as well as the dissemination of 5000 posters announcing the call to research organisations and intermediaries.

A highly successful ERC launch conference took place on 27/28 February 2007 in Berlin, co-organised by the Deutsche Forschungsgemeinschaft, DFG (German Research Foundation) and the European Commission.

6. Resources

During 2007, the staff of Directorate S grew from 84 to 108; in view of the number of proposals received and evaluated under the first call for proposals and the effort required for the establishment of the ERC's structures, systems and procedures, this reflects extremely lean management²⁰.

The operational credits of the Ideas programme, commitments of 266.790.220 € and payments of 1.372.598 € were fully executed (99.99% and 99.11% respectively).

7. Monitoring and assessment of the ERC

During 2007, measures have been taken to ensure that the ERC is efficient and transparent in its operations, and accountable, 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.

The Scientific Council have reported regularly to the Commission, both during the normal course of business (in particular the adoption of the work programme, grant agreement and rules for submission of proposals) and via specific meetings involving the Chair and Vice-Chairs of the Scientific Council.

¹⁹ Hosted by the CORDIS website infrastructure

²⁰ To note that, during 2007, Directorate S was responsible also for the management of projects under the NEST (New and Emerging Science and Technology) activity of the 6th framework programme, essentially to maintain and build up scientific and financial management capabilities of the dedicated implementation structure in the period prior to implementation of ERC projects.

Meetings of the “Ideas” Programme Committee, whose members met informally in late 2006, were held on 26 March and 27 September. In addition to the formal business of the Programme Committee (which normally operates in an advisory mode) these meetings were structured to keep the Committee fully informed of progress on the implementation of the “Ideas” programme and the ERC, and allow for an open exchange of information on strategy and operational matters between the Committee and the ERC Scientific Council and Secretary General, as well as the ERC-DIS.

The Scientific Council has considered carefully the experience and outcome of the first StG call to ensure that the lessons learned are incorporated into the ERC’s funding schemes and procedures; for example, refinements were introduced with the aim of achieving a better balance between demand for grants and the available budget. A number of specific measures have thus been incorporated in the first ERC Advanced Grant call, under the 2008 work programme, and refinements will also be made to the ERC Starting Grant scheme for the second call.

Measures are also being taken by the ERC-DIS to simplify the administrative procedures, for example the appointment and payment of experts and reviewers, to improve the efficiency and effectiveness of operations.

First steps have been taken by the Scientific Council and the ERC-DIS, in close collaboration with the DG Research’s Evaluation unit, to develop an appropriate monitoring, assessment and evaluation framework for the ERC and the implementation of the Specific Programme “Ideas”. The aim is to assist future strategy making and provide ongoing feed-back on effectiveness of processes and the outcome of decision-making, both as a means for continual learning and adaptation and for ex-post evaluation in the longer term.

To contribute to this exercise, the 2008 Ideas work programme introduced a call for proposals for CSAs that was launched in November 2007 with a deadline on 6 March 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.

8. Conclusions and outlook for 2008

The Commission can report that the main institutional building blocks of the ERC have been successfully established during 2007 in accordance with the timeframe envisaged, and the programme has been implemented according to the principles set out in the Specific Programme “Ideas”.

There has been a strong and effective collaboration between the Scientific Council and the ERC-DIS in implementing the “Ideas” Programme and progressing towards setting up the ERCEA as an autonomous, independent entity.

The overwhelming response to the Starting Grant call imposed enormous demands on the ERC’s operations at a very early and potentially vulnerable stage, testing the peer review process, imposing a very high workload on the administration and panels and posing serious logistical challenges.

The ERC-DIS and other DG RTD support services (particularly the IT infrastructure: Electronic Proposal Submission Service and Evaluation Support Service) nevertheless coped remarkably well, and allowed the peer review to be conducted according to the original schedule and to high quality standards, as judged by the panels themselves and confirmed by the relatively low percentage of cases upheld at redress.

Structures, mechanisms and governance will continue to evolve during 2008, presenting a dynamic and challenging environment for the ERC as it continues on its trajectory towards administrative autonomy. A further Decision of the Commission, on the delegation of tasks to the Executive Agency, will be presented by DG Research in early 2008. During 2008, as progress is made towards the formal establishment and commissioning of the ERCEA, the current tasks of Directorate S will be transferred to the Agency and further staff will be recruited. Directorate S will be dissolved as soon as the ERCEA is ready to take its place as the ERC-DIS. The Commission is committed to delivering an efficient and effective structure, while at the same time ensuring the implementation of the "Ideas" programme and will provide the necessary support during 2008 to realise these objectives.

Also during 2008, the Commission will present to the European Parliament and the Council a Communication on the methodology and terms of reference of the review to be carried out by independent experts by 2010 concerning the ERC's structures and mechanisms, against the criteria of scientific excellence, autonomy, efficiency and transparency and which will explicitly look at the advantages and disadvantages of a structure based on an Executive Agency, against an alternative structure based on Article 171 of the Treaty.

Communication is, and will continue to be, a core challenge - to assure a high reputation and positive image of the ERC in and outside of Europe, which to a large extent will be founded on the quality of its strategy and operations, and in the longer-term on its impact on European research. From 2008 onwards, ERC-funded frontier research projects will be starting and the ERC will showcase successful Principal Investigators and projects, which will serve as benchmarks and case studies of European research excellence, raising awareness and the aspirations of potential applicants.

Overall, with its achievements during 2007, the ERC has set very high standards. The challenge remains for the Commission and the ERC to progress efficiently and effectively towards the realisation of an operationally independent administrative entity during 2008 and to realise the added value and opportunities for the competitiveness and growth of Europe of an EU frontier research programme.