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Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
on the participation of the Union in the Active and Assisted Living Research and
Development Programme jointly undertaken by several Member States

(Text with EEA relevance)

{SWD(2013) 251 final}

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EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

1.1. Objectives of the proposal

The objective of this proposal is the decision by Council and Parliament, on the basis of Article 185 of the TFEU, to provide the legal means for the participation by the European Union in the Active and Assisted Living Joint Programme undertaken by several Member States (AAL Programme).

The overall objectives of the AAL Programme are:

- Enhance the availability of Information and Communication Technology (ICT) based products and services for active and healthy ageing, to improve the quality of life for elderly and their carers and help increase the sustainability of care systems;
- Maintain a critical mass of trans-European applied research, development and innovation for ICT based products and services for ageing well, in particular involving SMEs and users;
- Leverage private investments and improve conditions for industrial exploitation by providing a coherent framework for developing European approaches and solutions including common minimum standards that meets varying national and regional social preferences and regulatory aspects

1.2. Grounds for the proposal

Demographic ageing has been identified in the Europe 2020 strategy as both a challenge and an opportunity for smart, sustainable, and inclusive growth. The flagship initiatives “A Digital Agenda for Europe” and “Innovation Union” both address demographic ageing as a priority. The Digital Agenda focuses on ICT-enabled innovative services, products and processes, and includes several actions on eHealth and a specific action on reinforcing the AAL Programme. The AAL Programme will make an important contribution to the Europe 2020 strategy and related flagship initiatives and will help addressing the demographic challenge and create new opportunities, in particular for small and medium size enterprises. The European Innovation Partnership on Active and Health Ageing (EIP AHA) expects ICT solutions to play an important role in meeting its goals of two additional healthy life years by 2020 as well as improving quality of life for citizens and improving efficiency of care systems in Europe. The AAL Programme is a major component for supporting the EIP AHA with ICT-based innovation as it focuses on the "Valley of Death" part of the innovation chain where research results need to be translated into new products and services ready to enter the market. The AAL Programme will also benefit from the EIP, because the EIP will accelerate market creation, large scale uptake and also contribute to improved boundary conditions for the market: standardisation and interoperability for example, which are not covered by the Programme, but are mentioned in evaluation and consultations as barriers to deployment. The AAL Programme is complemented by major national initiatives, such as a national initiative on AAL and ageing in Germany, an Assisted Living Innovation Platform in the UK and a Platform on Innovation in Ageing in France.

With these inter-related programmes that jointly cover a significant part of the research and innovation ‘chain’, Europe has a globally unique strength in ICT for ageing well. The AAL Programme complements well the proposed ICT and ageing longer-term research and innovation and market validation activities under the Horizon 2020 Framework Programme.

The AAL Programme is also complementary to the "More Years, Better Lives" Joint Programming Initiative (JPI) on demographic change that brings together 13 European

Countries, to address new science based knowledge for future policy making on ageing, based on a wide range of research disciplines. The AAL Programme can provide an application context for the JPI's multi-disciplinary research and feed the JPI research agenda with user experience, while sharing research methodologies such as the life course approach.

Taken together, these initiatives cover a large part of the chain from fundamental research to market uptake, as recommended by a number of independent assessments on EU research and innovation programmes, as well as EU policy documents. These synergies will be further strengthened under the Commission's proposal for Horizon 2020, the Framework Research Programme for 2014-2020, which has a specific section for societal challenges, with Health, Demographic Change and Wellbeing as one of the priorities. The AAL Programme is mentioned as one of the Article 185 TFEU initiatives eligible for continued support, provided they meet a given set of criteria.

2. RESULTS OF CONSULTATIONS WITH THE INTERESTED PARTIES AND IMPACT ASSESSMENTS

2.1. Consultation on the future on the AAL JP

The Commission has consulted the plans for the AAL Programme with several external and internal stakeholders. The online Public Consultation on the EIP-AHA carried out in 2011 reached 524 respondents which expressed their views on the existing national, regional and local initiatives for active and healthy ageing; from. About 38% of responses came from government institutions, 23% from the industry including SMEs, 7% from the health and social care sector, 17% from the research and academia and 15% from the organisation representing the older people. The consultation showed that there is an insufficient involvement of end-users in the development stage, which is the most significant barrier to innovation.

An interim evaluation of the current AAL JP was carried out in December 2010 by five high level experts headed by former Commissioner M. Kuneva¹. It included interviews with over 40 selected stakeholders across Europe directly involved in the AAL JP value-chain. About 33% of them came from government institutions, 27% from the industry including SMEs, 27% from the research and academia and 11% from the organizations representing older people. The evaluation panel stressed that it is important for the AAL JP and its follow-up to ensure high operational performance, further increase focus on broadly targeted solutions in real life situations, promote technology for carers and intermediaries and strengthen links with users and ensure deployment activities.

Furthermore public online consultation on the AAL JP was carried out in 2010 and projects funded under the AAL JP were surveyed in 2011.

The Commission has also consulted its different part through Impact assessment Steering Group meetings in 2012, which contributed to the planning and roadmap for the preparation of the Impact assessment report, in particular concerning the problem statement and the relevance of the AAL JP to other DGs. The Art. 185 Coordination Group led by DG RTD contributed to the structure and argumentation of this report.

2.2. The policy options

The Impact assessment report included the following options:

¹ See http://ec.europa.eu/information_society/activities/einclusion/docs/aal/interim_evaluation_report.pdf

Option 1 - AAL JP2 identical to AAL JP1 - This 'business as usual'- option is baseline scenario presenting the continuation of the AAL JP for the years 2014 – 2020, just as the current AAL JP which runs from 2008 to 2013.

Option 2 - No AAL JP2 - This option entails that there is no dedicated EU programme and co-financing to bring together national research and innovation programmes in the field of ICT for ageing well at the EU level after 2013. The money reserved for the follow up to the AAL JP under the proposed H2020 could be spent – if it was adopted – on additional research for ageing well within H2020 framework.

Option 3 - This option of the follow-up to AAL JP1 would comprise an adapted scope and improved implementation. The scope of the AAL JP2 programme would be aligned to the full scope of the EIP AHA. Besides the Active Ageing and Independent Living pillar of EIP AHA also the other two pillars would be covered: Prevention, screening and early diagnosis, and Care and Cure. Due to the change of the scope by the alignment to EIP AHA, the name of the programme would change from Ambient Assisted Living JP to Active and Assisted Living JP. The programme would be co-financed by the Member States as well as project participants as during the current AAL JP 2008 to 2013. The level of EC financing from Horizon 2020 would remain the same as under the FP7. This option would also entail higher involvement of end-users, broadening the basis of funding to all actors, and improving the operational performance.

2.3. Consultation on the impact assessment

These options were reviewed in February 2012 by the AAL JP General Assembly, which concluded by vote that continuing the programme is of strategic importance and 15 out of 23 currently participating countries stated their preferred scenario is the Option 3. The second preferred option was to continue the programme in its current form represented by the Option 1. Only two countries would not support the continuation of the programme – Option 2.

In November 2012, the Impact Assessment Board reviewed and approved the report. In its Opinion it requested improvements of the impact assessment report which have been taken into account. In particular the report now better explains the policy context, the remaining problems, market failures and the baseline scenario. The objectives were revised to provide solid basis for the measurement of the progress of the AAL JP2. Different funding scenarios were illustrated in a more comprehensive manner in the sensitivity analysis and the possible social and health impacts were further developed. Finally the comparison of options in terms of effectiveness, efficiency and coherence was included.

3. LEGAL ELEMENTS OF THE PROPOSAL

3.1. Legal basis

The proposal for the AAL Programme is based on Article 185 of the Treaty on the Functioning of the European Union (TFEU), which foresees that the Union may make provision for the participation of the European Union in research and development programmes undertaken by several Member States, including participation in the structures created for the execution of those programmes.

3.2. Subsidiarity principle

The subsidiarity principle applies as the proposal does not fall under the exclusive competence of the European Union. Subsidiarity is safeguarded by basing the proposal on Article 185 which explicitly foresees the participation of the Union in research programmes undertaken by several Member States. By implementing all operational aspects where

possible at national level, while ensuring a coherent approach at the European level of the joint programme.

The objectives of the proposal cannot be sufficiently achieved by the Member States alone as the specific knowledge and excellence required for research and development of ICT based products and services for ageing are spread across national borders and hence cannot be combined at national level only. Without a coherent approach at European level with critical mass, there is a high risk of duplication of efforts with the consequence of increased costs. Furthermore, it is unlikely that a genuine internal market for interoperable ICT solutions for ageing well can be established without a joint programme with a European dimension.

The EU added value is directly linked to the problems: fragmentation of the EU market and of research efforts, a lack of focus on trans-EU deployment and a lack of a shared European vision on the markets for ICT and ageing well.

3.3. Proportionality principle

Article 185 of the TFEU invites the Union to ‘make provision, in agreement with the Member States concerned, for participation in research and development programmes undertaken by several Member States, including participation in the structures created for the execution of those programmes’. Member States are the driving force of the initiative.

The proposal complies with the proportionality principle as Member States will be responsible for developing their joint programme and all operational aspects. The dedicated implementation structure *AAL Association* has already demonstrated for the current AAL JP that it can implement the programme efficiently and effectively. The Union will provide incentives for improved coordination, ensure synergies with and contribution to EU policies and to the priorities of Horizon 2020, monitor implementation of the programme and ensure the protection of the EU’s financial interests.

Notably, the proposed organisational structure ensures a minimum of administrative burden, by having the main administrative work being executed through national agencies under the supervision and overall responsibility of the AAL Association created for this purpose.

3.4. Choice of the instrument

The proposed instrument is a Decision by European Parliament and Council based on Article 185 of the TFEU. The conclusions of the interim evaluation and an analysis of the options in the impact assessment have demonstrated that Article 185 is the most appropriate means for achieving the objectives of the AAL programme.

3.5. Derogations from the Horizon 2020 Rules for Participation

Derogations from the following provisions of Regulation (EU) No ... [Rules for the participation and dissemination in Horizon 2020] are necessary to allow for the Union financial contribution and Intellectual Property Rights protection to be implemented in accordance with the rules for participation of the participating national programmes.

- Verification of financial capacity extended to all the participants and performed by participating national funding agencies: Art. 14.5
- The dedicated implementation structure does not enter into agreement with the final beneficiaries: Art. 16(1)
- Application of national rules for funding, eligibility of costs, certificates on the financial statements and certificates on the methodology: Art. 19[(1), (5) to (7)] and Art. 22-29
- Rules governing IPR and dissemination of results following national rules: Art. 38-45

This is justified because the AAL Programme is intended as a close to market programme, in which many different national funding streams are joined up (such as research innovation, health and industry funding programmes). These programmes have by their nature different participation rules and cannot be expected to fully align with Horizon 2020 Rules for Participation.

In addition the AAL Programme is targeting in particular small and medium size enterprises and user organisations not usually participating in EU research and innovation activities. In order to lower the administrative and legal threshold for their participation, the Union financial contribution is provided in accordance with the rules of their national funding programmes which they are more used to and implemented through a single grant together with the corresponding national public support. The AAL JP (2008-2013) has demonstrated that this approach has worked well and has allowed to attract a high participation of more than 40% of small and medium size enterprises.

The proposal provides appropriate safeguards to guarantee respect of the principles of equal treatment and transparency by the dedicated implementation structure when providing financial support to third parties, as well as for the protection of the financial interests of the Union. It also foresees the inclusion of detailed provisions to this effect in an agreement to be concluded by the Union and the dedicated implementation structure.

4. BUDGETARY IMPLICATION

The Legislative Financial Statement presented with this decision sets out the indicative budgetary implications. The provisions of the Decision and of the delegation agreement to be concluded between the Commission and the dedicated implementation structure must ensure that the EU's financial interests are protected.

The maximum amount EU contribution shall be EUR [175,000,000 from the Horizon 2020 DG Connect budget allocated to Societal Challenge 1, theme health, demographic change and wellbeing:²

5. OPTIONAL ELEMENTS

5.1. Simplification

The proposal provides for simplification of administrative procedures for private parties. Notably, recipients of the research funding from the new joint programme will benefit from a single contracting and payment scheme using familiar national rules without any need for separate reporting concerning the Union contribution. The EU will deal directly with the AAL Association, which will be in charge of allocating, monitoring and reporting on the use of the EU's contribution.

5.2. Review/revision/sunset clause

The proposal includes a review clause for a mid-term review after three years. The overall duration will be limited to seven years of intervention and three additional years of completion.

5.3. European Economic Area

The proposed act concerns an EEA matter and should therefore extend to the European Economic Area.

² *the amount is indicative and will depend on the final LFS agreed by the Horizon 2020 and an amount for DG Connect foreseen under societal challenges, theme health, demographic change and well-being*

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the participation of the Union in the Active and Assisted Living Research and Development Programme jointly undertaken by several Member States

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 185 and the second paragraph of Article 188, thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national Parliaments,

Having regard to the opinion of the European Economic and Social Committee³,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) In its Communication 'Europe 2020 A strategy for smart, sustainable and inclusive growth'⁴, the Commission underscores the need to develop favourable conditions for investment in knowledge and innovation so as to achieve smart, sustainable and inclusive growth in the Union. Both the European Parliament and the Council have endorsed that strategy.
- (2) Horizon 2020 - The Framework Programme for Research and Innovation (2014-2020) established by Regulation (EU) No .../2013 of the European Parliament and of the Council of ... 2013⁵ (hereinafter "Horizon 2020 Framework Programme") aims at achieving a greater impact on research and innovation by contributing to the strengthening of public-public partnerships, including through Union participation in programmes undertaken by several Member States in accordance with Article 185 of the Treaty.
- (3) Decision No 742/2008/EC of the European Parliament and of the Council of 9 July 2008 on the Community's participation in a research and development programme undertaken by several Member States aimed at enhancing the quality of life of older people through the use of new information and communication technologies⁶ provides for a Community financial contribution to the Ambient Assisted Living Joint Research and Development Programme (hereinafter "AAL JP") matching that of the Member States but not exceeding EUR 150 000 000 for the duration of the Seventh Framework Programme of the European Community for research, technological development and

³ OJ C ..., ..., p.

⁴ COM(2010)2020 final of 3 March 2010.

⁵ OJ ... [H2020 FP]

⁶ OJ L 201, 30.7.2008, p. 49.

demonstration activities (2007-2013) established by Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006⁷.

- (4) In December 2012, the Commission communicated to the European Parliament and the Council a report on the interim evaluation of the AAL JP⁸. That evaluation was carried out by an expert panel. The overall opinion of that expert panel was that AAL JP had achieved good progress towards its objectives and remarkable results and that it should be continued beyond the current funding period. The expert panel noted however a few shortcomings, notably the need for stronger user involvement in projects and further improvements of the operational performance in terms of time to contract and time to payment. [
- (5) In its communication entitled ‘The demographic future of Europe — from challenge to opportunity’⁹, the Commission underlined the fact that demographic ageing is one of the main challenges facing all the Member States and that increased use of new technologies could help to control costs, improve well-being and promote the active participation in society of elderly people, as well as improving the competitiveness of Union economy.
- (6) In its entitled ‘Europe 2020 Flagship Initiative Innovation Union’¹⁰, the Commission indicated the ageing of the population as one of the societal challenges where innovation breakthroughs can play an important role and boost competitiveness, enable European companies to lead in the development of new technologies, to grow and assume global leadership in new growth markets, improve the quality and efficiency of public services and so contribute to creating large numbers of new quality jobs.
- (7) In its communication entitled ‘European flagship initiative Digital Agenda for Europe’¹¹, the Commission proposed to reinforce the AAL JP in order to help address the challenges of the ageing population.
- (8) In its communication entitled ‘Taking forward the Strategic Implementation Plan of the European Innovation Partnership on Active and Healthy Ageing’¹², the Commission proposed to take account of relevant priorities of the Plan for future research and innovation work programmes and instruments which are part of Horizon 2020 Framework Programme. The Commission also proposed to take into account the contributions that can be made by the AAL JP to the European Innovation Partnership on Active and Healthy Ageing
- (9) Under the European Innovation Partnership on Active and Healthy Ageing established under the Innovation Union, ICT solutions are expected to play an important role in meeting its goals of two additional healthy life years by 2020 as well as improving quality of life for citizens and improving efficiency of care systems in the Union. Its Strategic Implementation Plan sets out priorities for accelerating and scaling up innovation in active and healthy ageing across the Union, in three domains: prevention and health promotion, care and cure, and independent living and social inclusion.

⁷ OJ L 412, 30.12.2006, p. 1.

⁸ COM(2010) 763 final of 16 December 2010.

⁹ COM(2006) 571 final of 12 October 2006.

¹⁰ COM(2010) 546 final of 6 October 2012.

¹¹ COM(2010) 245 final of 19 May 2010.

¹² COM(2012) 83 final of 29 February 2012.

- (10) The Active and Assisted Living Research and Development Programme (hereinafter ‘the AAL Programme’) should build on the achievements of the previous programme and address its shortcomings by encouraging stronger user participation in projects and by a more agile programme implementation.
- (11) A ceiling should be established for the participation of the Union in the AAL Programme for the duration of the Horizon 2020 Framework Programme. Union participation in the AAL Programme should not exceed the financial contribution of the Participating States for the duration of the Horizon 2020 Framework Programme in order to achieve a high leverage effect and ensure an active involvement of the Participating States in achieving the Programme objectives.
- (12) In line with the objectives of Regulation (EU) No .../2013[H2020 FP], any Member State and any country associated to the Horizon 2020 Framework Programme should be entitled to participate in the AAL Programme.
- (13) In order to ensure that a financial commitment by the Union will be matched by the Participating States, the financial contribution by the Union should be subject to formal commitments from the Participating States before the launch of the AAL Programme and their fulfilment. The Participating States' contribution to the AAL Programme should include the administrative costs incurred at national level for the effective operation of the programme.
- (14) The joint implementation of the AAL Programme requires an implementation structure. The Participating States have agreed on the implementation structure for the AAL Programme and set up in 2007 the Ambient Assisted Living Association IASBL, an international non-profit organisation under Belgian law (hereinafter ‘AALA’). Given that, according to the report on the Interim Evaluation, the existing governance structure of AAL JP has proven to be efficient and of good quality, the AALA should be used as implementation structure and should take the role as allocation and monitoring body of the AAL Programme. The AALA should manage the Union financial contribution and should ensure an efficient implementation of the AAL Programme.
- (15) In order to achieve the objectives of the AAL Programme, the AALA should provide financial support mainly through grants to participants in actions selected by the AALA. Those actions should be selected following calls for proposals under the responsibility of the AALA, which should be assisted by independent external experts. The ranking list should be binding as regards the selection of proposals and the allocation of funding from the Union financial contribution and from the national budgets for AAL Programme projects.
- (16) The Union financial contribution should be managed in accordance with the principle of sound financial management and with the rules on indirect management set out in Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union¹³ and Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012¹⁴.
- (17) In order to protect the financial interests of the Union, the Commission should have the right to reduce, withhold or terminate the Union financial contribution where the AAL Programme is implemented inadequately, partially or late, or the Participating

¹³ OJ L 298, 26.10.2012, p. 1.

¹⁴ OJ L 362, 31.12.2012, p. 1.

States do not contribute, or contribute partially or late, to the financing of the AAL Programme. Those rights should be provided for in the delegation agreement to be concluded between the Union and the AALA.

- (18) Participation in indirect actions funded by the AAL Programme is subject to Regulation (EU) No ... /2013 of the European Parliament and of the Council of ... 2013 laying down the rules for the participation and dissemination in 'Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)¹⁵. However, due to specific operating needs of the AAL Programme it is necessary to provide for derogations from that Regulation in accordance with Article 1(3) of that Regulation.
- (19) Specific derogations from Regulation (EU) No ... /2013 [H2020 RfP] are necessary as the AAL Programme is intended as a close to market innovation programme, in which many different national funding streams are joined up (such as research innovation, health and industry funding programmes). Those national programmes have by their nature different participation rules and cannot be expected to fully align with Regulation (EU) No ... /2013 [Horizon 2020 Rules for Participation]. In addition, the AAL Programme is targeting in particular small and medium-sized enterprises and user organisations not usually participating in Union research and innovation activities. In order to facilitate the participation of those enterprises and organisations, the Union financial contribution is provided in accordance with the well-known rules of their national funding programmes and implemented through a single grant combining Union funding with the corresponding national funding.
- (20) The financial interests of the Union should be protected through proportionate measures throughout the expenditure cycle, including the prevention, detection and investigation of irregularities, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, administrative and financial penalties in accordance with Regulation (EU, Euratom) No 966/2012, Delegated Regulation (EU) No 1268/2012, Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests¹⁶, Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities¹⁷ and Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)¹⁸.
- (21) The Commission should conduct an interim evaluation assessing in particular the quality and efficiency of the AAL Programme and progress towards the objectives set, as well as a final evaluation, and prepare a report on those evaluations.
- (22) The evaluation should be based on precise and up-to-date information. Upon request from the Commission, the AALA and the Participating States should therefore submit any information the Commission needs to include in the reports on the evaluation of the AAL Programme.
- (23) The AAL Programme should ensure the effective promotion of gender equality and comply with ethical principles as reflected in the Horizon 2020 Framework Programme.

¹⁵ OJ L..., ..., p. ... [H2020 RfP].

¹⁶ OJ L 312, 23.12.1995, p. 1.

¹⁷ OJ L 292, 15.11.1996, p. 2.

¹⁸ OJ L 136, 31.5.1999, p. 1.

- (24) Since Participating States have decided to continue the AAL Programme and its objectives directly support and complement the Union policies in the field of active and healthy ageing and given that the AAL Programme objectives cannot be sufficiently achieved by the Member States alone and can, by reason of the scale of the action, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Decision does not go beyond what is necessary in order to achieve those objectives,

HAVE ADOPTED THIS DECISION:

Article 1

Participation in the AAL Programme

1. The Union shall participate in the Active and Assisted Living Research and Development Programme (hereinafter "AAL Programme") jointly undertaken by [Austria, Belgium, Cyprus, Denmark, France, Hungary, Ireland, Luxembourg, the Netherlands, Portugal, Romania, Poland, Slovenia, Spain, Sweden, United Kingdom and Switzerland] (hereinafter "Participating States"), in accordance with the conditions set out in this Decision.
2. Any other Member State and any other country associated to the Horizon 2020 - The Framework Programme for Research and Innovation (2014-2020) established by Regulation (EU) No .../2013 (hereinafter "Horizon 2020 Framework Programme") may join the AAL Programme provided it fulfils the criterion set out in Article 3(1)(c) of this Decision. Those Member States and associated countries that fulfil the condition set out in Article 3(1)(c) shall be regarded as Participating States for the purposes of this Decision.

Article 2

Union financial contribution

1. The maximum Union financial contribution to the AAL Programme covering administrative costs and operational costs shall be EUR 175.000.000. The contribution shall be paid from appropriations in the general budget of the Union allocated to the relevant parts of the Specific Programme implementing Horizon 2020 Framework Programme, established by Decision .../2013/EU in accordance with Article 58(1)(c)(vi) and Articles 60 and 61 of Regulation (EU, Euratom) No 966/2012.
2. The annual financial commitment of the Union to the AAL Programme shall not exceed the annual financial commitment to the AAL Programme by Participating States.
3. A maximum of 6 % of the Union financial contribution shall be used to contribute to the administrative costs of the AAL Programme.

Article 3

Conditions for the Union financial contribution

1. The Union financial contribution shall be conditional upon the following:

- (a) proof by the Participating States that the AAL Programme is set up in accordance with Annexes I and II;
 - (b) the designation by the Participating States or by organisations designated by the Participating States, of the Ambient Assisted Living Association, a non-for-profit association with legal personality established under Belgian law (hereinafter "AALA"), as the structure responsible for the implementation of the AAL Programme and for allocating and monitoring the Union financial contribution;
 - (c) the commitment by each Participating State to contribute to the financing of the AAL Programme;
 - (d) proof by the AALA of its capacity to implement the AAL Programme including allocating and monitoring the Union contribution in the framework of indirect management of the Union budget in accordance with Articles 58, 60 and 61 of Regulation (EU, Euratom) No 966/2012;
 - (e) the establishment of a governance model for the AAL Programme in accordance with Annex III.
2. During the implementation of the AAL Programme, the Union financial contribution shall also be conditional upon the following:
- (a) the implementation by the AALA of AAL Programme objectives as set out in Annex I and activities set out in Annex II in accordance with Regulation (EU) No ... [Rules for the participation and dissemination in Horizon 2020], subject to Article 5 of this Decision;
 - (b) the maintenance of an appropriate and efficient governance model in accordance with Annex III;
 - (c) the compliance by the AALA with the reporting requirements set out in Article 60 (5) of Regulation (EU, Euratom) No 966/2012;
 - (d) the fulfilment of the commitments by each Participating State referred to in point (c) of paragraph 1 and the fulfilment of the annual commitments to contribute to the financing of the AAL Programme.

Article 4

Contributions from Participating States

1. Contributions from the Participating States shall consist of the following:
- (a) financial contributions to the indirect actions supported under the AAL Programme in accordance with Annex II;
 - (b) in-kind contributions corresponding to the administrative costs incurred by the national administrations for the effective implementation of the AAL Programme in accordance with Annex II.

Article 5

Rules for participation and dissemination

1. For the purposes of Regulation (EU) No .../2013 [Rules for the participation and dissemination in Horizon 2020], the AALA shall be considered a funding body and

shall provide financial support to indirect actions in accordance with Annex II to this Decision.

2. By way of derogation from Article 14(5) of Regulation (EU) No .../2013 [Rules for the participation and dissemination in Horizon 2020], the financial capacity of the applicants shall be verified by the designated national programme management organisation according to rules of participation in the designated national programmes.
3. By way of derogation from Article 16(1) of Regulation (EU) No .../2013 [Rules for the participation and dissemination in Horizon 2020], the grant agreements with participants shall be signed by the designated national programme management agency..
4. By way of derogation from Articles 19[(1), (5) to (7)] and 22 to 29 of Regulation (EU) No .../2013 [Rules for the participation and dissemination in Horizon 2020], the funding rules of the designated national programmes shall apply to the grants administered by the designated national programme management agencies .
5. By way of derogation from Articles 38 to 46 of Regulation (EU) No .../2013 [Rules for the participation and dissemination in Horizon 2020], the rules of the designated national programmes governing results, access rights to background and results shall apply.

Article 6

Implementation of the AAL Programme

1. The AAL Programme shall be implemented on the basis of annual work plans in accordance with Annex II.

Article 7

Agreements between the Union and the AALA

1. Subject to a positive ex-ante assessment of the AALA in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012, the Commission, on behalf of the Union, shall conclude a delegation agreement and annual transfer of funds agreements with the AALA.
2. The delegation agreement referred to in paragraph 1 shall be concluded in accordance with Article 58(3) and Articles 60 and 61 of Regulation (EU, Euratom) No 966/2012 and Article 40 of Delegated Regulation (EU) No 1268/2012. It shall also set out the following:
 - (a) the requirements concerning the AALA's contribution regarding relevant indicators out of the performance indicators set out in Annex II to Decision (EU) No .../2013 [the Specific Programme implementing the Horizon 2020 Framework Programme];
 - (b) the requirements concerning the AALA's contribution to the monitoring referred to in Decision (EU) No .../2013 [the Specific Programme implementing the Horizon 2020 Framework Programme];
 - (c) the specific performance indicators necessary for monitoring the functioning of the AALA in accordance with Article 3(2);

- (d) the arrangements regarding the provision of data and information necessary to ensure that the Commission is able to meet its dissemination and reporting obligations.

Article 8

Termination, reduction or suspension of the Union financial contribution

1. Where the AAL Programme is not implemented in accordance with the conditions set out in Article 3, the Commission may terminate, proportionally reduce or suspend the Union financial contribution in line with the actual implementation of the AAL .
2. Where the Participating States do not contribute, contribute partially or late to the financing of the AAL Programme, the Commission may terminate, proportionally reduce or suspend the Union financial contribution, taking into account the amount of funding allocated by the Participating States to implement the AAL Programme.

Article 9

Ex-post audits

1. Ex-post audits of expenditure on indirect actions shall be carried out by the designated national programme management agencies in accordance with Article 23 of Regulation (EU) No ... [the Horizon 2020 Framework Programme].
2. The Commission may decide to carry out the audits referred to in paragraph 1 itself.

Article 10

Protection of the financial interests of the Union

1. The Commission shall take appropriate measures ensuring that, when actions financed under this Decision are implemented, the financial interests of the Union are protected by the application of preventive measures against fraud, corruption and any other illegal activities, by effective checks and, if irregularities are detected, by the recovery of the amounts wrongly paid and, where appropriate, by effective, proportionate and dissuasive administrative and financial penalties.
2. The European Anti-fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)¹⁹ and Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities²⁰ with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with a grant agreement or grant decision or a contract funded in accordance with this Decision.
3. Contracts, grant agreements and grant decisions, resulting from the implementation of this Decision shall contain provisions expressly empowering the Commission,

¹⁹ OJ L 136, 31.5.1999, p. 1.

²⁰ OJ L 292, 15.11.1996, p. 2.

AALA, the Court of Auditors and OLAF to conduct audits and investigations, according to their respective competences.

4. The AALA shall grant the Commission staff and other persons authorized by the Commission, as well as by the Court of Auditors, access to its sites and premises and to all the information, including information in electronic format, needed in order to conduct the audits referred to in paragraph 3.
5. In implementing the AAL Programme, the Participating States shall take the legislative, regulatory, administrative or other measures necessary for protecting the Union's financial interest, in particular, to ensure the full recovery of any amounts due to the Union in accordance with Regulation (EU, Euratom) No 966/2012 and Delegated Regulation (EU) No 1268/2012.

Article 11

Communication of information

1. At the request of the Commission, the AALA shall submit to the Commission any information necessary for the preparation of the reports referred to in Article 12.
2. The Participating States shall submit, through the AALA, any information requested by the European Parliament and the Council concerning the financial management of the AAL Programme.
3. The Commission shall communicate the information referred to in paragraph 2 in the reports set out in Article 12.

Article 12

Evaluation

1. By 31 December 2017 the Commission shall conduct an interim evaluation of the AAL Programme. The Commission shall prepare a report on that evaluation which includes conclusions of the evaluation and observations by the Commission. The Commission shall send that report to the European Parliament and to the Council by 30 June 2018.
2. At the end of Union participation in the AAL Programme but no later than 31 December 2022, the Commission shall conduct a final evaluation of the AAL Programme. The Commission shall prepare a report on that evaluation which includes results of the evaluation. The Commission shall send that report to the European Parliament and to the Council.

Article 13

Entry into force

This Decision shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

Article 14

Addressees

This Decision is addressed to the Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

ANNEX I

OBJECTIVES OF THE AAL PROGRAMME

1. The AAL Programme shall fulfil the following objectives:
 - 1.1. accelerate the emergence of innovative ICT-based products and services for active and healthy ageing at home, in the community, or at work, thus improving the quality of life, autonomy, participation in social life, skills or employability of older adults and increasing the efficiency of health and social care provision;
 - 1.2. maintain and further develop a critical mass of applied research, development and innovation at Union level in the areas of ICT-based products and services for active and healthy ageing;
 - 1.3. develop cost-effective solutions, including establishing relevant interoperability standards and facilitating the localisation and adaptation of common solutions, which are compatible with varying social preferences and regulatory aspects at national or regional level, respect the privacy and dignity of the older adults and, where applicable, support access to services in rural and peripheral areas or benefit other groups of people, such as people with disabilities.
2. The AAL Programme shall establish a favourable environment for the participation of small and medium-sized enterprises.
3. The AAL Programme shall focus on close-to-market applied research and innovation and shall complement related longer-term research and large scale innovation activities envisaged under the Horizon 2020 Framework Programme, and other European and national initiatives. It shall also contribute to the implementation of the European Innovation Partnership on Active and Healthy Ageing.

ANNEX II

ACTIVITIES OF THE AAL PROGRAMME

I. Indirect actions

1. The implementation of the AAL Programme shall mainly support market-oriented research and innovation projects for active and healthy ageing, which shall demonstrate the capability to exploit the project results within a realistic time frame; The financing of those indirect actions under the AAL Programme shall mainly take the form of grants. It may take other forms such as prizes, pre-commercial procurement, and public procurement of innovative solutions.
2. In addition, actions for the purposes of brokerage, programme promotion, actions to raise awareness of the current capabilities, foster deployment of innovative solutions and connect supply and demand side organisations and investors may be supported.
3. Actions aimed at improving the quality of proposals, feasibility studies and workshops may also be supported. The collaboration with the regions of the Union may be envisaged to enlarge the group of stakeholders involved in the AAL Programme.

II. Implementation

1. The AAL Programme shall be implemented on the basis of annual work plans identifying topics for calls for proposals.
2. The annual work plans shall be agreed with the Commission as a basis for the annual financial contribution from the Union.
3. The implementation of the AAL Programme shall entail consultations with relevant stakeholders (including decision-makers from public authorities, user representatives, private-sector service providers and insurance providers as well as industry including small and medium-sized enterprises) concerning the applied research and innovation priorities to be addressed.
4. The implementation of the AAL Programme shall take into account demographic trends and demographic research in order to provide solutions that reflect the social and economic situation across the Union.
5. Due account shall be taken of possible gender, ethical and privacy issues, in line with international guidelines.
6. In line with the close-to-market nature of the AAL Programme and in compliance with the rules set out in Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union, the AALA shall establish appropriate minimum performance targets for time to grant and time to payment in accordance with the [Rules for Participation and][the Financial Regulation] and ensure compliance with them by Participating States during the implementation of the AAL Programme.
7. Each Participating State shall facilitate the participation of organisations representing demand side actors.
8. Each Participating State shall co-finance the selected projects of the participants in their relevant national programmes through designated national programme management agencies. Those agencies shall subsequently channel the Union funding

from the AALA on the basis of a common project description, which forms part of an agreement to be concluded between the designated national programme management agencies and the respective participants for each funded project.

9. After the closure of a call for project proposals, a central eligibility check shall be carried out by the AALA in cooperation with the designated national programme management agencies. The check shall be performed on the basis of the common eligibility criteria for the AAL Programme which shall be published with the call for project proposals
10. The AALA shall, with the assistance of the national programme management agencies, check the fulfilment of additional national eligibility criteria set out in the calls for project proposals.
11. The national eligibility criteria shall relate only to the legal and financial status of the individual applicants and not to the content of the proposal and shall concern the following aspects:
 - 11.1. applicant type, including legal status and purpose;
 - 11.2. liability and viability, including financial soundness, fulfilment of fiscal and social obligations.
12. Eligible project proposals shall be evaluated and selected by the AALA with the assistance of independent experts, on the basis of transparent and common evaluation criteria, as set out in the published call for proposals. That selection, once adopted by the General Assembly of the AALA, shall be binding on the Participating States.
13. If a project participant fails to meet one or more of the national eligibility criteria or if the corresponding national budget for commitment for funding is exhausted, the Executive Board of the AALA may decide that an additional central independent evaluation of the proposal concerned should be carried out with the assistance of independent experts, in order to evaluate the proposal either without the participation of the participant in question or with a replacement participant, as suggested project participants.
14. Legal and financial issues concerning participants in projects selected for funding shall be handled by the designated national programme management agency. National administrative rules and principles shall be applied.

ANNEX III

GOVERNANCE OF THE AAL PROGRAMME

The organisational structure for the AAL Programme shall be as follows:

1. The AALA, an international not-for-profit association established under Belgian law, shall constitute the dedicated implementation structure created by the Participating States.
2. The AALA shall be responsible for all the activities of the AAL Programme. The AALA's tasks shall include contract and budget management, the development of the annual work plans, organisation of the calls for proposals, handling of the evaluation and ranking of proposals for funding.
3. In addition, the AALA shall supervise and be responsible for project monitoring and shall transfer the associated payments of the Union contributions to designated national programme management agencies. It shall also organise dissemination activities.
4. The AALA shall be governed by the General Assembly. The General Assembly shall be the decision-making body of the AAL Programme. It shall appoint the members of the Executive Board and supervise the implementation of the AAL Programme, including the approval of annual work plans, allocation of national funding to projects and the handling of applications for new membership. It shall work on the basis of a one-country one-vote principle. Decisions shall be taken by simple majority, except for decisions on the succession, admission or exclusion of members or the dissolution of the Association, for which specific voting requirements may be set out in the statutes of the Association.
5. The Commission shall have an observer status in the meetings of the AALA General Assembly and shall approve the annual work plan. The Commission shall be invited to all the meetings of the AALA and may take part in the discussions. All the relevant documents circulated in connection with the AALA General Assembly shall be communicated to the Commission.
6. The AAL Executive Board — consisting of at least a president, a vice-president and a treasurer — shall be elected by the General Assembly to undertake the specific management responsibilities such as budget planning, staffing and contracting. It shall legally represent the Association and report to the General Assembly.
7. The Central Management Unit established as a part of the AALA shall be responsible for the central management of the implementation of the AAL Programme in close coordination and cooperation with the national programme management agencies, which shall be authorised by the Participating States to undertake work associated with project management and administrative and legal aspects for the national project participants as well as to provide support for the evaluation and negotiation of project proposals. The Central Management Unit and national programme management agencies shall work together as the Management Unit under the supervision of the AALA.
8. An Advisory Board with representatives from industry, users and other stakeholders, seeking balance between generations and gender, shall provide recommendations for priorities and topics to be addressed in the calls for proposals and other actions of the AAL Programme.

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
- 1.4. Objectives
- 1.5. Grounds for the proposal/initiative
- 1.6. Duration and financial impact
- 1.7. Management mode(s) envisaged

2. MANAGEMENT MEASURES

- 2.1. Monitoring and reporting rules
- 2.2. Management and control system
- 2.3. Measures to prevent fraud and irregularities

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
- 3.2. Estimated impact on expenditure
 - 3.2.1. *Summary of estimated impact on expenditure*
 - 3.2.2. *Estimated impact on operational appropriations*
 - 3.2.3. *Estimated impact on appropriations of an administrative nature*
 - 3.2.4. *Compatibility with the current multiannual financial framework*
 - 3.2.5. *Third-party contributions*
- 3.3. Estimated impact on revenue

LEGISLATIVE FINANCIAL STATEMENT

1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

1.1. Title of the proposal/initiative

Participation of the Union in the Active and Assisted Living (AAL) Research and Development Programme (hereinafter AAL Programme) jointly undertaken by several Member States.

1.2. Policy area(s) concerned in the ABM/ABB structure²¹

Research and Technological Development: Horizon 2020 Framework Programme.
Digital Agenda Action 78; Reinforcing the AAL Joint Programme

1.3. Nature of the proposal/initiative

- The proposal/initiative relates to **a new action**
- The proposal/initiative relates to **a new action following a pilot project/preparatory action**²²
- The proposal/initiative relates to **the extension of an existing action**
- The proposal/initiative relates to **an action redirected towards a new action**

1.4. Objectives

1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

Europe 2020
Innovation Union
Digital Agenda for Europe
European Research Area

1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

The main operational objective of this legislative proposal, namely the participation by the Union in a Joint R&D and Innovation Programme undertaken between several Member States in the field of Active and Assisted Living, has already been foreseen in the Horizon 2020 Framework Programme for RTD and in its "Societal Challenges" Specific Programme.

The specific objectives associated with this operational objective are:

- (2) Establish and operate the AAL Programme
- (3) Launch Programme supporting measures
- (4) Launch and co-finance collaborative research and innovation projects with 2-3 year to market perspective

1.4.3. *Expected result(s) and impact*

Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.

²¹ ABM: Activity-Based Management – ABB: Activity-Based Budgeting.
²² As referred to in Article 49(6)(a) or (b) of the Financial Regulation.

The AAL Programme will combine Union, National and private resources to pursue innovative ICT solutions for allowing Europe's citizens to age independently and well, while contributing to the overall sustainability of their care and providing new economic opportunities for European industry.

The added value of the Union's involvement is substantial because:

The Union intervention will enable the creation of a new legal framework where Union and National funding can be combined under a common strategy to stimulate international collaborative R&D and innovation projects, in particular involving SMEs. This would otherwise not be feasible using the existing structures.

The AAL Programme will allow for addressing the demographic ageing challenge by fostering the emergence of new innovative ICT-based products and services for independent living of elderly people, thus increasing their quality of life and autonomy and reducing the costs of their care. This will be done in a coherent and non-fragmented way with higher critical mass and lead to more cost-effective and interoperable solutions.

Industry and in particular SMEs will be supported more efficiently by providing a critical mass and a coherent European approach for developing interoperable solutions. In addition, it will be possible to adapt AAL solutions to national/regional social preferences and regulations. This is an important prerequisite for commercial exploitation and market development and provides strong potential for SMEs involvement.

Finally, the proposed scheme will create incentives for increased national and industrial investments in R&D and innovation in the field of ICT and ageing, thus contributing to the objective of 3% of European GDP for R&D.

The macro-economic added value for European economy and society that will result from the exploitation of the results of the Ageing Well Programme has not been addressed in this financial statement.

1.4.4. *Indicators of results and impact*

Specify the indicators for monitoring implementation of the proposal/initiative.

The indicators of results and impact set out in the Horizon 2020 – Framework Programme for Research and Innovation specific objective are monitored and annually reported by the dedicated management structure to the Commission.

The following results are expected that will be measured through related indicators:

Leveraging investments and national efforts; by providing incentives for investments following common strategies and implementation.

Indicators: (i) number of countries participating; (ii) commitments and payments by Participating States; (iii) national funding committed and spent in projects of the Joint Programme; (iv) resources invested by industry and other stakeholders through their participation and co-funding of projects.

Improving coherence of R&D and innovation in ICT for Ageing Well across Europe; by removing the current fragmentation of efforts by developing common strategies and joint calls for proposals with critical mass.

Indicators: This result will be achieved de-facto when the Joint Programme will become fully operational with a significant participation of countries.

Programme Efficiency; by providing certainty about availability of national budgets, having a central proposal submission, evaluation and selection scheme and by providing a user-friendly scheme for European collaborative applied and market oriented research and innovation based on familiar national rules. This should result in a new and more efficient support for relevant participants, in particular SMEs, thus leading to higher industrial investments and shorter time to market and exploit results.

Indicators: (v) time interval between proposal submission and project launch; (vi) number of SMEs participating; (vii) overhead costs for operating the Joint Programme.

Significant economic and social benefits and contribution to key policy objectives; this will be measured as part of the foreseen independent mid-term and final evaluation in addition to the other indicators presented.

1.5. Grounds for the proposal/initiative

1.5.1. Requirement(s) to be met in the short or long term

The AAL Programme will combine Union, National and private resources to pursue innovative ICT solutions for allowing Europe's citizens to age independently and well, while contributing to the overall sustainability of their care and providing new economic opportunities for European industry.

1.5.2. Added value of EU involvement

The added value of the Union involvement is substantial because:

- The Union intervention will enable the continuation of the existing AAL Programme where Union and National funding can be combined under a common strategy to stimulate international collaborative R&D and innovation projects, in particular involving SMEs. This would otherwise not be feasible using the existing structures.
- The AAL Programme will allow for addressing the demographic ageing challenge by fostering the emergence of new innovative ICT-based products and services for independent living of elderly people, thus increasing their quality of life and autonomy and reducing the costs of their care. This will be done in a coherent and non-fragmented way with higher critical mass and lead to more cost-effective and interoperable solutions.
- Industry and in particular SMEs will be supported more efficiently by providing a critical mass and a coherent European approach for developing interoperable solutions. In addition, it will be possible to adapt AAL solutions to national/regional social preferences and regulations. This is an important prerequisite for commercial exploitation and market development and provides strong potential for SMEs involvement.
- Finally, the proposed scheme will create incentives for increased national and industrial investments in R&D and innovation in the field of ICT and ageing, thus contributing to the objective of 3% of European GDP for R&D.

The macro-economic added value for European economy and society that will result from the exploitation of the results of the AAL Programme has not been addressed in this financial statement.

1.5.3. *Lessons learned from similar experiences in the past*

On the basis of the interim evaluation of the predecessor AAL JP operated under FP7 the following lessons have been learned:

- The AAL Programme should be continued as it provides clear added value, in particular for SMEs, by creating the necessary critical mass in research and innovation on ageing well at European level to help relevant products and services enter the market;
- It should focus on how regional innovation actors (mostly SMEs) can understand and address the European market;
- It should Improve the operational efficiency, in particular regarding time to grant and payments;
- It should improve the involvement from the early stages of the project design of service providers and in particular end users in call specification and evaluation.

These lessons have been taken into account to shape the AAL Programme2.

1.5.4. *Compatibility and possible synergy with other appropriate instruments*

The first European Innovation Partnership on Active and Health Ageing (EIP AHA)²³ expects ICT solutions to play an important role in meeting its goals of 2 additional healthy life years by 2020 as well as improving quality of life for citizens and improving efficiency of care systems in Europe. Its Strategic Implementation Plan (SIP) sets out priorities for accelerating and scaling up innovation in active and healthy ageing across Europe, in the three domains prevention and health promotion, care and cure, and independent living and social inclusion. The launch by the Council of the EIP AHA enhances the future relevance of the AAL Programme and its follow up. The AAL Programme is a major component for implementing the SIP, as it focuses on the "Valley of Death" part of the innovation chain. The AAL Programme will also benefit from the EIP, because the EIP will accelerate market creation, large scale uptake and also contribute to improved boundary conditions for the market: standardisation and interoperability for example, which are not covered by the AAL Programme, but are mentioned in evaluation and consultations as barriers to deployment.

AAL Programme is complemented by major national initiatives, such as a national initiative on AAL and ageing in Germany, an Assisted Living Innovation Platform in the UK and a Platform on Innovation in Ageing in France.

With these inter-related programmes that jointly cover a significant part of the research and innovation 'chain', Europe has a globally unique strength in ICT for ageing well. The AAL Programme complements well the longer-term ICT and ageing research in the Horizon 2020 Programme and the ICT based solutions it delivers can be fed into innovation and market validation activities under the Horizon 2020 Programme.

The AAL Programme is also complementary to the "More Years, Better Lives" Joint Programming Initiative (JPI)²⁴ on demographic change that brings together 13 European Countries, to address new science based knowledge for future policy

²³ COM(2012) 83 final, 29 February 2012

²⁴ COM(2008) 468, towards Joint Programming in research

making on ageing, based on a wide range of research disciplines. The AAL Programme can provide an application context for the JPI's multi-disciplinary research and feed the JPI research agenda with user experience, while sharing research methodologies such as the life course approach.

In the Commission proposal for a Decision on the Strategic Innovation Agenda of the European Institute of Innovation and Technology (EIT) 2014-2020, "Innovation for healthy living and active ageing" is one of the priority themes for the EIT Knowledge and Innovation Communities (KICs) wave in 2014-2015.

Taken together, these initiatives cover a large part of the chain from fundamental research to market uptake, as recommended by a number of independent assessments on EU research and innovation programmes, as well as EU policy documents.

1.6. Duration and financial impact

Proposal/initiative of **limited duration**

- Proposal/initiative in effect from 01/01/2014 to 31/12/2023
- Financial impact from 2014 to 2020 on commitment appropriations and from 2014 to 2023 on payment appropriations.

Proposal/initiative of **unlimited duration**

- Implementation with a start-up period from YYYY to YYYY,
- followed by full-scale operation.

1.7. Management mode(s) envisaged²⁵

Centralised direct management by the Commission

Centralised indirect management with the delegation of implementation tasks to:

- executive agencies
- bodies set up by the European Union²⁶
- national public-sector bodies/bodies with public-service mission
- persons entrusted with the implementation of specific actions pursuant to Title V of the Treaty on European Union and identified in the relevant basic act within the meaning of Article 49 of the Financial Regulation

Shared management with the Member States

Decentralised management with third countries

Joint management with international organisations (*to be specified*)

If more than one management mode is indicated, please provide details in the "Comments" section.

Comments

A dedicated implementation structure entitled the Ambient Assisted Living Association has been established and is governed by participating countries for managing the initiative. The Union financial contribution to the initiative will be provided through this organisation. National funding bodies or their delegated

²⁵ Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html

²⁶ As referred to in Article 185 of the Financial Regulation.

agencies will manage the EU financial contribution and enter into grant agreements with organisations to receive financial support for collaborative research and innovation activities.

Relevant comments:

The financial contribution of the European Union will be paid to the dedicated management entity established by ParticipatingStates which will manage the Programme. The Union contribution will be provided subject to approval of a work plan and associated national budgetary commitments.

The organisational structure for the AAL Programme is composed of the following entities:

The AAL Association created as a dedicated management structure by ParticipatingStates will sign a delegation agreement and annual transfer of funds agreements with the European Commission to receive the annual funding from the Framework Programme. It will be responsible for all the activities of the AAL Programme and will be headed by a director, who will be the legal representative of the Association.

The AAL Association will be responsible for all the activities of the AAL Programme. The AAL Association's tasks include contract and budget management, the development of the annual work programmes, organisation of the calls for proposals, handling of the evaluation and ranking of projects. In addition it supervises project monitoring and transfers the associated payments of the European Union contributions to nominated national programme agencies. It also organises dissemination activities.

The AAL Association is governed by the General Assembly. The General Assembly is the decision taking body of AAL Programme and it appoints the members of the Board of Directors and supervises the implementation of AAL Programme, including approval of annual work plans, allocation of national funding to projects and applications for new membership. It will work on the basis of a one country one vote principle and will use simple majority for decision making. The Commission will have an observer status in the meetings of the General Assembly.

The AALA Board of Directors – consisting of a Director and two Vice-Directors (alternatively one vice-director and one treasurer) - will be elected to undertake the specific management responsibilities such as budget planning, staffing and contracting. It legally represents the Association and reports to the General Assembly.

National Programme Management Agencies are endorsed by the Participating States to undertake work associated with project management and administrative and legal aspects for the national project partners as well as to provide support for the evaluation and negotiation of the proposals. They work under the supervision of the AAL Association.

An Advisory Board with representatives from industry and other stakeholders will provide recommendations for priorities and topics to be addressed in the calls for proposals of the AAL Programme.

2. MANAGEMENT MEASURES

2.1. Monitoring and reporting rules

Specify frequency and conditions.

In accordance with the Horizon 2020 – Framework Programme for Research and Innovation, the implementation of the AAL Programme is annually monitored and reported by the dedicated management structure to the Commission, where applicable. The Programme will be monitored through annual reports which will be provided by the dedicated management structure. These will give a detailed overview on the implementation of the Programme according to the indicators presented in Section 1.4.4.

A mid-term evaluation will be carried out after 3 years of operation with assistance of independent experts and will assess: (1) the implementation of the Programme towards further scientific, management and financial integration; (2) the added value and effectiveness of the joint programme in meeting its objectives. A final evaluation by external experts shall be conducted by the end of the programme.

2.2. Management and control system

2.2.1. Risk(s) identified

- 1) The key risks concern the capacity of the dedicated implementation structure to manage the Unions budget contribution and the effective monitoring of the national agencies involved in the day to day operation of the programme
- 2) Another risk is the effective protection against fraud and possible financial losses due to the high involvement of SMEs and the indirect centralised management approach.
- 3) A third risk concerns the capacity of involved countries to effectively finance their contributions to the programme.

2.2.2. Control method(s) envisaged

Concerning risks 1 and 2, see chapter 2.3.

Concerning risk 3, then the safeguards which ensures that EU funds only can be released upon evidence of national financial commitments both at annual transfer of funds agreement level and at the level of payments towards national participants in the joint programme projects, Another safeguard is that EU funding cannot exceed 50% of the total public funding provided in the programme and that EU support to administrative expenditures cannot exceed 6% of the overall EU contribution.

2.2.3. Costs and benefits of controls and probable non-compliance rate

In accordance with Article 7 of the decision on the Programme, the control system set up for the implementation of the Programme will be designed so as to provide reasonable assurance of achieving adequate management of the risks relating to the effectiveness and efficiency of the operations as well as the legality and regularity of the underlying transactions, taking due account the special nature of the AAL Programme as public-public partnership. The control system shall ensure an appropriate balance between trust and control, taking into account administrative and other costs of controls at all levels, especially for participants so that it can best contribute to achieving the objectives of the Horizon 2020 Framework Programme.

2.3. Measures to prevent fraud and irregularities

Specify existing or envisaged prevention and protection measures.

Article 3 of the Decision establishing the AAL Programme states that the Unions's contribution is conditional upon the compliance by the AAL Association with the reporting requirements set out in Article 60(5) of Regulation (EU, Euratom) No 966/2012. According to Article 8, the Commission may terminate, reduce or suspend its contribution.

The delegation agreement to be concluded between the Commission and the AALA in compliance with Article 61 of Regulation (EU, Euratom) No 966/2012, will provide for the Commission to supervise the activities of the AALA, in particular by carrying out audits.

Further anti-fraud measures will be implemented as part of the detailed agreement between the Commission and the dedicated management structure.

3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
		Number 09 04 03 01 Improving lifelong health and wellbeing of all	Diff./non-diff. (27)	from EFTA countries 28	from candidate countries ²⁹	from third countries
1A		Diff./non-diff.	YES	YES	YES	YES

²⁷ Diff. = Differentiated appropriations / Non-Diff. = Non-differentiated appropriations.

²⁸ EFTA: European Free Trade Association.

²⁹ Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

3.2. Estimated impact on expenditure

3.2.1. Summary of estimated impact on expenditure

EUR million (to three decimal places)

Heading of multiannual financial framework:	Number 1A	Heading]
----------------------------------------------------	------------------	-------------------

DG: CNECT			2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL
• Operational appropriations													
Number 09 04 03 01	Commitments	(1)	25	25	25	25	25	25	25				175
	Payments	(2)	2,7	10	17,3	24,7	24,7	24,7	24,7	23,2	15,8	7,2	175
Number of budget line	Commitments	(1a)											
	Payments	(2a)											
Appropriations of an administrative nature financed from the envelope of specific programmes ³⁰													
Number of budget line		(3)											
TOTAL appropriations for DG CNECT	Commitments	=1+1a +3	25	25	25	25	25	25	25				175
	Payments	=2+2a +3	2,7	10	17,3	24,7	24,7	24,7	24,7	23,2	15,8	7,2	175

• TOTAL operational appropriations	Commitments	(4)	25	25	25	25	25	25	25				175
	Payments	(5)	2,7	10	17,3	24,7	24,7	24,7	24,7	23,2	15,8	7,2	175

³⁰ Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)	0,008	0,008	0,038	0,008	0,008	0,008	0,038				0,116
TOTAL appropriations under HEADING 1A of the multiannual financial framework	Commitments	=4+ 6	25,00 8	25,00 8	25,03 8	2500 8	25,00 8	25,00 8	25,03 8				175,116
	Payments	=5+ 6	2,708	10,00 8	17,33 8	24,70 8	24,70 8	24,70 8	24,73 8	23,2	15,8	7,2	175,116

If more than one heading is affected by the proposal / initiative:

• TOTAL operational appropriations		(4)											
		(5)											
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)											
TOTAL appropriations under HEADINGS 1 to 4 of the multiannual financial framework (Reference amount)	Commitments	=4+ 6	25,008	25,0 08	25,03 8	25,00 8	25,00 8	25,00 8	25,03 8				175,116
	Payments	=5+ 6	2,708	10,0 08	17,33 8	24,70 8	24,70 8	24,70 8	24,73 8	23,2	15,8	7,2	175,116

Heading of multiannual financial framework	5	'Administrative expenditure'
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EUR million (to three decimal places)

				2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL
DG: CNECT														
• Human resources				0,262	0,262	0,262	0,262	0,262	0,262	0,262				1,834
• Other administrative expenditure				0.024	0.024	0.024	0.024	0.024	0.024	0.024				0.168
TOTAL DG CNECT			Appropriations	0,286	0,286	0,286	0,286	0,286	0,286	0,286				2.002

TOTAL appropriations for HEADING 5 of the multiannual financial framework	(Total commitments = Total payments)	0,286	0,286	0,286	0,286	0,286	0,286	0,286	0,286					2.002
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EUR million (to three decimal places)

		2014	2015	2016	2017	2018	2019	2020					TOTAL
TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework	Commitments	25,294	25,294	25,324	25,294	25,294	25,294	25,324					177,118
	Payments	2,994	10,294	17,624	24,994	24,994	24,994	25,024	23,2	15,8	7,2		177,118

3.2.2. Estimated impact on operational appropriations

- The proposal/initiative does not require the use of operational appropriations
- The proposal/initiative requires the use of operational appropriations, as explained below:

Commitment appropriations in EUR million (to three decimal places)

Indicate objectives and outputs ↓			2014	2015	2016	2017	2018	2019	2020	TOTAL								
	OUTPUTS																	
	Type ³¹	Average cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost	Number	Cost	Total Number	Total Cost
SPECIFIC OBJECTIVE No 1 ³² ...																		
Output 1	Establishment and operation of Joint Programme (*)	1,5/year	1	1,5	1	1,5	1	1,5	1	1,5	1	1,5	1	1,5	1	1,5	7	10,5
Subtotal for specific objective n° 1			1	1,5	1	1,5	1	1,5	1	1,5	1	1,5	1	1,5	1	1,5	7	10,5
SPECIFIC OBJECTIVE n° 2...																		
Output 2	Supporting Action	0,200	5	1	5	1	5	1	5	1	5	1	5	1	5	1	35	7
Subtotal for specific objective n° 2			5	1	5	1	5	1	5	1	5	1	5	1	5	1	35	7
SPECIFIC OBJECTIVE n° 3...																		
Output 3	Projects (*)	2	25	23,5	25	23,5	25	23,5	25	23,5	25	23,5	25	23,5	25	23,5	175	164,5
Subtotal for specific objective n° 3			25	23,5	25	23,5	25	23,5	25	23,5	25	23,5	25	23,5	25	23,5	175	164,5

³¹ Outputs are products and services to be supplied (e.g.: number of student exchanges financed, number of km of roads built, etc.).

³² As described in point 1.4.2. 'Specific objective(s)...

TOTAL COST		25		25		25		25		25		25		25		175
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(*) The cost of central management of the AAL Joint Programme will be supported with up to 6% of the EU contribution and will include costs of proposal evaluation.

(**) Assuming an average total cost per project of 4 Million Euro, out of which 50 % will be covered by public funding, to be shared between the EU and the Participating States in accordance with the ratio between the respective annual commitments (estimated ~40-50%).

3.2.3. Estimated impact on appropriations of an administrative nature

3.2.3.1. Summary

- The proposal/initiative does not require the use of appropriations of an administrative nature
- The proposal/initiative requires the use of appropriations of an administrative nature, as explained below:

EUR million (to three decimal places)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL
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HEADING 5 of the multiannual financial framework											
Human resources	0,262	0,262	0,262	0,262	0,262	0,262	0,262				1,834
Other administrative expenditure	0.180	0.180	0.180	0.180	0.180	0.180	0.180				1.260
Subtotal HEADING 5 of the multiannual financial framework	0,442				3,094						

Outside HEADING 5³³ of the multiannual financial framework											
Human resources											
Other expenditure of an administrative nature	0,008	0,008	0,038	0,008	0,008	0,008	0,038				0,116
Subtotal outside HEADING 5 of the multiannual financial framework	0,008	0,008	0,038	0,008	0,008	0,008	0,038				0,116

TOTAL	0,450	0,450	0,480	0,450	0,450	0,450	0,480				3,210
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The administrative appropriations required will be met by the appropriations of the DG which are already assigned to management of the action and/or which have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

³³

Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

3.2.3.2. Estimated requirements of human resources

- The proposal/initiative does not require the use of human resources.
- The proposal/initiative requires the use of human resources, as explained below:

Estimate to be expressed in full time equivalent units

	2014	2015	2016	2017-2020	Total
• Establishment plan posts (officials and temporary agents)					
XX 01 01 01 (Headquarters and Commission's Representation Offices)	2	2	2	8	14
XX 01 01 02 (Delegations)					
XX 01 05 01 (Indirect research)					
10 01 05 01 (Direct research)					
• External personnel (in Full Time Equivalent unit: FTE)³⁴					
XX 01 02 01 (CA, INT, SNE from the "global envelope")					
XX 01 02 02 (CA, INT, JED, LA and SNE in the delegations)					
XX 01 04 yy³⁵	- at headquarters				
	- in delegations				
XX 01 05 02 (CA, SNE, INT - Indirect research)					
10 01 05 02 (CA, SNE, INT - Direct research)					
Other budget lines (specify)					
TOTAL	2	2	2	8	14

XX is the policy area or budget title concerned.

³⁴ CA= Contract Agent; LA = Local Agent; SNE = Seconded National Expert; INT = agency staff ('Intérimaire'); JED= 'Jeune Expert en Délégation' (Young Experts in Delegations).

³⁵ Sub-ceiling for external staff covered by operational appropriations (former "BA" lines).

The human resources required will be met by staff from the DG who are already assigned to management of the action and/or have been redeployed within the DG, together if necessary with any additional allocation which may be granted to the managing DG under the annual allocation procedure and in the light of budgetary constraints.

Description of tasks to be carried out:

Officials and temporary staff

The main tasks deriving from the action will be:

- Participation in meetings of the General Assembly of the AAL association as Commission observer 4 two day meetings/year (Director/HoU level)
- Participation in workshops and dissemination events 3 times per year (HoU level)
- Negotiation, Preparation and payment of grant contracts with the dedicated implementation structure (Project Officer level + B/C Assistant level)
- Monitoring of implementation + assistance to mid-term and ex-post evaluations (Project Officer level)
- Financial and legal auditing of the implementation of the Programme (Financial Officer level)

External staff

3.2.4. Compatibility with the current multiannual financial framework

- Proposal/initiative is compatible the current multiannual financial framework.
- Proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

- Proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework.³⁶

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

3.2.5. Third-party contributions

- The proposal/initiative provides for the estimated minimum co-financing estimated below:

Appropriations in EUR million (to three decimal places)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
Participating States	25	25	25	25	25	25	25				175
TOTAL appropriations cofinanced	25	25	25	25	25	25	25				175

Co-financing details

A maximum European Union contribution of up to 25 Million euros per year shall be provided subject to an investment of at least 25 Million euros per year by the Participating States, who will contribute at least 175 Million euros between 2014-2020 from national budgets to the AAL Programme.

The EU contribution to operational costs of the AAL Programme will be at maximum 6% of the overall EC contribution to the AAL Programme.

The EU contribution shall represent a fixed percentage of the overall public funding from the participating national programmes, but shall in any case not exceed 50 % of the public funding of the AAL Programme. This fixed percentage shall be defined in the contract between the dedicated management structure and the Commission and will be based on the multi-annual commitment of the participating Partner States and the European Union contribution.

Moreover, the organisations participating in R&D projects selected through the Calls for Proposals launched by the Programme will co-finance these projects. These contributions are expected to amount to a minimum of about 300 Million euros for the duration of the Programme.

³⁶ See points 19 and 24 of the Interinstitutional Agreement.

3.3. Estimated impact on revenue

- X Proposal/initiative has no financial impact on revenue.