

Towards a world class Frontier Research Organisation

Review of the European Research Council's Structures and Mechanisms

Following the Commission's decision of 11 March 2009 (C(2009) 1871) to create "a panel of independent experts for the review of the structures and mechanisms of the ERC"

23 July 2009

Review Panel

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Executive Summary

Preamble:

The European scientific community has for many years sought to create a specific European-wide mechanism for the funding of investigator-initiated “frontier” research as opposed to the traditional more thematic European Framework programme. After several years of efforts and under the active leadership of the Commissioner for Research, a novel approach to EU research funding was implemented. The European Research Council (ERC) came officially into existence on 2 February 2007, by a Decision of the Commission, in accordance with the Decisions of Council and Parliament on the Seventh Framework Programme and Rules for Participation, and the Decision of the Council on the Specific Programme "Ideas".

An external review after two years of operation was also mandated to assess past performance and advise the Commission on future directions.

The ERC Review panel met six times during the period February – July 2009 in order to assess the performance and functioning of the ERC according to the objectives set up by the Commission in its Communication of 26/8/2008.

General Observations and Guiding Principles:

The panel found that overall, that ERC has succeeded beyond expectations in attracting outstanding scientists across Europe and abroad to serve on its panels and received thousands of applications which were all well reviewed despite the difficulties inherent in setting up such a complex endeavour in such a short time. The panel also found fundamental problems related to rules and practices regarding the governance, administration and operations of the ERC that are not adapted to the nature of modern “frontier” science management.

- The panel recognises that the launching of the ERC, in spite of institutional and regulatory difficulties, constitutes a major improvement in relation to the existing funding structures in Europe. For the first time a truly pan-European, scientifically independent instrument for frontier research has been created thus establishing a new standard of excellence for Europe.
- The panel acknowledges the enthusiastic initial contribution of the scientific community in this success. The Commission, on its side, has

fully respected the academic freedom of evaluation and selection of the successful projects. No political interference has been detected by the panel who wishes to pay tribute to the way the Commissioner in charge has “set the tone”. These good practices constitute crucial factors that should be preserved in the future. In particular, the panel believes that Scientific Council members should continue to be selected on the basis of excellence and merit without regard to any formula related to the number of EU Member States. This is one key element for the scientific success and autonomy of the ERC Council.

- The panel acknowledges with great satisfaction the positive spill-over that the ERC has produced in some national systems. Several countries are now using the ERC assessment for their own purposes, including funding. Already now, France, Hungary, Italy, Luxembourg, Spain, Switzerland, Sweden and the Belgian Flanders are using the ERC assessment and ranking to give grants to runners up. Those who have met the quality criteria but could not be financed for lack of funds are funded through national schemes without further need for peer review assessment.
- Despite this promising start, the panel is concerned about the long-term sustainability of the scheme under the present operating conditions. At the most fundamental level there is an incompatibility between the current governance philosophy, administrative rules and practices and the stated goals of the ERC. Four ingredients are critical to success:
 - The selection of competent leaders with established track records of excellence in their field who share the vision and are willing to dedicate their careers to the success of the enterprise.
 - The enlightened support of the top political leadership.
 - A rapid and competent professionalisation of the activities of the institution to establish a level of unquestioned competence, excellence and credibility.
 - The belief in adapting rules and regulations to the mission and not the other way around.
- Clearly some of the above elements are present such as the political leadership support from President of the European Commission, José Manuel Barroso and Commissioner for Science and Research, Janez Potocnik that led to the ERC creation in the first place. At this point in time however, some of these critical ingredients for success are missing.
 - Current rules prevent the recruitment of highly qualified external scientists with a track record of achievement in their field and experience in managing relatively large enterprises. The prevailing

view that scientists should advise but management should be assumed by non scientists prevents the critical integration of content and process. All world class research agencies recruit as their leaders, established and respected scientists capable of such integration. Just as it would not occur to anyone to recruit a non lawyer to run legal services, it should not be acceptable today in Europe that non-scientists who have not had the direct experience of conducting successful science enterprises themselves run major European research programmes! This flaw in construction should be urgently remedied.

- ERC is at a stage today when a true PROFESSIONALISATION both at the scientific and managerial levels should be undertaken. This includes personnel policies that facilitate the recruitment of qualified scientists, the formation of a standing identification committee, and a standing committee to deal with conflict of interests issues among others, as proposed below.

- The shared objective of building up a world class institution is not best served by imposing undue cumbersome regulations, checks and controls. Fraud and mismanagement have to be prevented and strongly censured but excessively bureaucratic procedures should not detract from the mission. The panel calls for putting in place a new set of rules based on trust and not suspicion and mistrust. We strongly underline that the administrative and financial consequences of the present approach impede the full realisation of the dream shared by so many Europeans in the academic and policy world as well as in political milieus. The panel urges the Commission to take every possible measure (legal, financial, procedural and administrative) to adapt its rules and procedures to the unique nature of the ERC mission. The reported signs of frustration and dissatisfaction with existing rules and practices among scientific council members and scientific reviewers at large are a worrying indication of the fragility of the present equilibrium.

- ERC is now an important component of the FP 7 programme, and given its early success and high level of demand from scientists for ERC grants, it should grow in size and importance in subsequent FP programmes and ultimately evolve into a permanent Community structure.

Specific Recommendations and Roadmap

The panel believes that two types of action need to be taken. The first of these consists of **immediate corrections which could be implemented over the next year** within the context of an executive agency as planned and which would greatly improve the operation of the ERC. The panel recommends that an outside follow up evaluation similar to the current one be formally conducted in two years time to assess if these steps have provided

the necessary remedies. **This two-year review should then determine the need for further major structural change.**

1) Measures to be immediately implemented within the existing framework

A number of measures of a managerial/administrative/financial nature can be put in place over the next year independently of the significant structural change which could be envisaged for the long term. To achieve these changes the Commission will need to show flexibility in the way it runs the Executive Agency in order to enable it to work as a frontier research agency in line with the basic principles at the creation of the ERC such as “the necessary flexibility” to attain “the objectives and requirements of this specific programme” (Council decision N°2006/972/EC). Science and management must be reconciled within the overall structure rather than to constitute two separate worlds as in the present situation.

a) *Streamline and integrate the governance structures of the ERC:*

The Review panel is deeply concerned that the present governance structure of the ERC is complex and a source of great frustration and ongoing low level conflict. A more coherent organisation is needed and the roles of the Secretary General and the Director of the Executive Agency should be amalgamated into one post and that a high level and recognized scientist with administrative experience be recruited for the post and made a member of the Civil Service of the Commission as necessary and eliminate the current and artificial division of authority and responsibilities between programme design and implementation. It is also the strong opinion of the panel that the Director in his/her new capacity should report directly and regularly to the Commissioner. The Steering Committee consisting of five members should include two administrative representatives, two members of the Scientific Council and one outside distinguished scientist, it should be chaired by a Commission member from the Steering Committee who must be a qualified scientist with managerial expertise.

b) *Establish a funding philosophy appropriate to “frontier”research:*

The panel believes that funding should be awarded on a highly flexible basis as “grants in aid” rather than as implied contracts. In frontier research, the Principal Investigator must be able to change course and adjust the scientific approach as a function of what is learnt during the project and thus a contract mechanism is actually counterproductive as it implies detailed accounting of the inputs such as time sheets and materials when lump sum grants would provide the necessary flexibility.

c) *Establish a standing identification committee:*

The panel fully supports the conclusions put forward by the Identification Committee in its report of 15 January 2009. A Standing Committee of high calibre should be constituted as an Identification Committee to present to the

Commission the names of candidates to replace outgoing members and the names of present members who should be renewed for a second four year term.

d) Setting up new procedures for the selection of reviewers and panellists:

The panel recommends the setting up of a sub-committee of the Scientific Council to steer and control the construction of a database for the selection of reviewers and panellists.

The panel believes that in its initial implementation the enthusiasm for the programme has allowed the informal recruitment of scientists for serving the ERC. However to sustain the effort over time and ensure transparency we recommend that a sub committee of the Scientific Council should be set up and put in charge of identifying, assessing and selecting referees and reviewers as well as panellists.

e) Streamline procedures for reviewers and panellists:

The financial and administrative regulations which cover the recruitment and expenses of Reviewers and panel Members are overly onerous to comply with and discourage scientists from participation. Reviewers are not contractors but valuable volunteers and should be treated as such. Every attempt should be made to amend the Regulations in order to make them more suitable and user-friendly for this purpose.

f) Improve Transparency:

The summarized minutes of the Scientific Council should be made public and available to the Research Community. We believe that the Science Council has done a good job in communicating with the European scientific community and this should increase transparency, trust and credibility for ERC.

g) Establish a conflict of interest committee:

A permanent committee dealing with conflict of interest issues should be established. Some of the conflict of interest rules which have been administratively imposed on the ERC have been sometimes counterproductive and not well managed.

h) Compensation of members of the Scientific Council:

The Chair or Vice Chair should receive appropriate financial compensation in the form of a lump sum similar to those foreseen for the EIT Chair and Vice Chairs. A lump sum for administrative support should be paid to the institutions hosting the Chair and the Vice Chairs. Adequate compensation for other members of the scientific council should also be considered.

i) *Enhance recruitability of scientists into the agency:*

Personnel procedures should be established that facilitate the recruitment of qualified scientists even in positions that are now “reserved” for commission career personnel.

2) Long term structural changes

The above changes could be introduced fairly quickly and would, if fully implemented, do a lot to improve the running of the European Research Council. We recommend however that a formal re-evaluation of the progress be undertaken in two years. If it is found that the proposed changes have not been implemented, and if there continues to be major problems over the next two years which prevent the ERC from becoming a world-class frontier research organisation, we recommend that the Commission changes the organisation of the ERC from the Executive Agency to an article 171 structure in time for the 8th Framework Programme.

If such a change is made, two essential conditions would have to be met. The first is that the Governing Board of the new article 171 organisation be made up wholly or mainly (at least 75%) of scientists drawn from a limited number of countries on the exclusive basis of scientific accomplishments and merit and in any case not larger than the present Scientific Council. This is essential to protect the autonomy of the ERC which should be guaranteed both in scientific and managerial terms.

Secondly, that transition arrangements be made so that current staff of the executive agency is transferred to the new organisation and that there is, therefore, no loss of experience when the new organisation is set up.

In setting up the new organisation it would, of course, be necessary to avoid the administrative, institutional and procedural deficiencies which we have observed in the current arrangements. A 171 structure allows for a wide range of practices, and it would be very important to design the new European Research Council in such a way that it could truly operate as a world-class frontier research organisation.

Conclusion

The panel wishes to stress in no uncertain terms that the ERC and its initial successes are of strategic importance for the long term future of European science and have to be consolidated. Indeed, there was and still is a profound need for Europe to develop a world class institution that could, with time, become a continental leader in promoting and supporting breakthrough frontier science and technology which will be essential in the coming decades to sustain the creativity of European economies and societies. The formation of a more interactive, interconnected and vibrant European scientific

community capable through the further and hopefully successful development of the ERC into a science agency equivalent to the best in class anywhere in the world is an ultimate goal that should be kept in mind by all concerned.

Throughout the report specific recommendations of a technical nature to correct the obvious shortcomings, due mostly to the misalignment of rigid rules with the different nature of a frontier science agency, are made but our recommendations do not stop there. More fundamental changes are required and ultimately success will depend on a sustained commitment from the leadership of the commission to the strategic vision as shown by the current leadership in establishing the ERC in the first place.

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1. Introduction

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

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 liaison with the Commission and the dedicated implementation structure.

The dedicated implementation structure (DIS) became, as from 15 July 2009, an executive agency of the Commission – the ERC Executive Agency (ERCEA), whose role is to implement the Ideas programme.

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, including the definition of 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.

In accordance with the objectives of the Specific Programme "Ideas" the Scientific Council has developed, up to now, only 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 five years for StG and up to € 700,000 per year over five years for AdG) and quite 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.

2. Review

The key principles on which the ERC should operate - scientific excellence, autonomy, efficiency and transparency - were established and confirmed during the political debate leading up to the Commission proposal for the Specific Programme "Ideas". During the subsequent negotiations, in which the European Parliament and Member States expressed broad support for the concept of the ERC, the nature of its implementing structure was intensively discussed.

The Commission's proposal that the body should be an Executive Agency was substantially debated and accepted, subject to a later review of performance, to ensure that the ERC is able to operate in the longer term under the most optimal conditions.

In its August 2008 communication to the Council and to the European Parliament, the Commission set up the methodology and terms of reference for the review to be carried out by independent experts concerning the European Research structures and mechanisms.

The Commission proposed to conduct the mid-term review within the term of the European Parliament (July 2009) and to complete it during the term of the current Commission. The objective was "to move forward to a stable and predictable longer term structure as soon as possible"¹.

In line with the provisions of the Specific Programme, The Commission decided to appoint a Panel comprising a Chair and four further members, as well as a rapporteur. The panel was appointed by the Commission in March 2009 with the view that a report be submitted to Commissioner Potocnik in July 2009.

The panel was asked "to prepare a final report in which it will provide recommendations and conclusions. This should include an analysis and evaluation of the adequacy or deficiencies of the existent structures and mechanisms and whether any changes needed can be regarded as "technical fixes" (for example, adjustments to the Executive Agency model) or are regarded as substantive organizational and/or legal issues."

¹ Communication from the Commission to the Council and the European Parliament. Com (2008) 526 final p.4.

3. Methodology: Survey – Documents – Criteria

The communication from the Commission to the Council and European Parliament indicates that the ERC Review Panel will determine its working methods and that it can:

- Solicit oral and written evidence from stakeholders
- Analyse existing evidence including monitoring and evaluation studies on the Ideas programme
- Conduct ad hoc analyses, for example of statistical information and relevant policy documents and reviews.

In practice, the Review Panel made use of all these instruments.

3.1 *Written documents and submissions*

The panel had access to all documentation (including internal audits) available in the Commission and analysed both documents linked to the creation of the ERC as well as evidence related to its functioning. At its request the DIS elaborated technical notes and memos. It was also able to get all the necessary information from the Scientific Council as well as from the implementation structure.

The Panel requested opinions both from the Budget Directorate General and from the legal service. These opinions were debated on the occasion of a hearing with representatives of both services.

The Panel invited the main stakeholders (European Parliament, Council of Ministers, European Research organizations) as well as the Scientific Council to submit proposals and comments.

10 notes and memos were received from the following organisations:

ALLEA (All European Academies), EARTO (European Association of Research and Technology Organisations), ESF (European Science Foundation), EUROHORCs (European Heads of Research Councils), EIRMA (European Industrial Research Management Association) which coordinated its input with BUSINESSEUROPE (The Confederation of European Business), EUA (European University Association), EASAC (European Academies' Science Advisory Council) and Academia Europaea. Two Member States ministries sent their contributions in response to the invitation from the Council: UK Department for Innovation, Universities and Skills and Danish Agency for Science, Technology and Innovation.

3.2 Oral presentations and discussions

The Scientific Council was invited to submit its views both in writing and during a meeting with the panel. The panel also asked the Director General of DG Research to give an opinion on the state of affairs based on his experience of the past years. Finally, the President of EUROHORCs was heard for a discussion of the memorandum introduced by his organisation.

The Panel heard the following persons:

- Commissioner Janez Potocnik
- Director General – DG Research, José Manuel Silva Rodriguez
- DIS Director, Jack Metthey
- Chair of the Scientific Council, Fotis C. Kafatos
- Vice-Chairs of the Scientific Council, Helga Nowotny and Daniel Estève
- ERC Secretary General, Ernst-Ludwig Winnacker
- President of EUROHORCs, Dieter Imboden
- From EU DG Budget, Philippe Taverne
- From EU Legal Service, Jürgen Grünwald

The Panel had a session with the Scientific Council as a whole.

3.3 Mail Questionnaire

A survey was set up with the support of experts from the European University Institute. A questionnaire was drafted by the Panel for three different types of ERC users:

- Applicants. Given the mass of applications and the fact that most of them were eliminated in the first round, it was decided to send the questionnaire only to those who had gone past the first step, the others having, actually, no experience of the working methods of the Research Council and of the implementation issues, other than the application process itself. This sample included 1070 applicants. 691 completed answers were received to 13 questions (64.5%). Written qualitative comments could be added to one question and additional messages were sent by applicants.
- Panellists. Out of a sample of 539 experts involved in the evaluation exercise, 330 completed the questionnaire and answered the 16 questions (61%). Here too, additional comments could be added to some questions. The return rate was satisfactory and allowed the Panel to form a rather precise opinion of their views and reactions.
- Reviewers. This was the largest sample and only 550 respondents filled in the questionnaire (45%). While being a sufficient percentage to be considered as a valid tool, this lower rate is already a prime

indication of some uneasiness amongst this group (to be analysed later on).

In order to maximise guarantees of independence and confidentiality, replies to the questionnaire were forwarded to and managed by the European University Institute after the EU administration had sent an invitation to all interested persons to answer the survey. The EUI, on the other hand, did not have access to the Commission database.

3.4 Analysis against the criteria

The ERC has been operating only for two years, but the Panel found that there was sufficient practice and evidence to support a preliminary review and make recommendations.

The mandate given to the Panel established four criteria for the review of the ERC structures and mechanisms:

- Scientific Excellence
- Autonomy
- Efficiency
- Transparency.

The Panel was also asked to consider and ponder the respective merits of an ERC implementation structure in the form of an executive agency versus the use of a Community body according to article 171 of the Treaty.

Each of the above mentioned criteria will be examined separately in the following sections of the report, presenting the panel's analysis of the situation along with recommendations arising from the evaluation. The report will then conclude with a summary of the main conclusions drawn by the panel and the list of all of the recommendations put forward by the Panel.

The use of these criteria has permitted the Panel to acquire specific views, but at the same time to arrive at an overall opinion on the first developments of the ERC.

In its review based on the above-mentioned criteria, the panel strove to assess

1. The opinion of the main stakeholders in relation to the objective of excellence fixed by the constitutive regulations.
2. The autonomy of the ERC not only from a purely scientific point of view, but also in the day to day management of this major endeavour.
3. The efficiency as valued by the Commission standards but also as perceived by the users.
4. Transparency as a pre-condition for the legitimacy of the process.

In applying this criteria to the ERC activities the Review Panel had constantly in mind the aim of creating in Europe a world class organisation for the funding of frontier research.

4. A World Class Frontier Research Organisation

The panel wishes to stress in no uncertain terms that the ERC and its initial successes are of strategic importance for the long term future of European science and have to be consolidated. Indeed, there was and still is a profound need for Europe to develop a world class institution that could, with time, become a continental leader in promoting and supporting breakthrough frontier science and technology which will be essential in the coming decades to sustain the creativity of European economies and societies. The formation of a more interactive, interconnected and vibrant European scientific community capable through the further and hopefully successful development of the ERC into a science agency equivalent to the best in class anywhere in the world is an ultimate goal that should be kept in mind by all concerned.

Throughout the report specific recommendations of a technical nature to correct the obvious shortcomings, due mostly to the misalignment of rigid rules with the different nature of a frontier science agency, are made but our recommendations do not stop there. More fundamental changes are required and ultimately success will depend on a sustained commitment from the leadership of the commission to the strategic vision as shown by the current leadership in establishing the ERC in the first place.

The history of such successful institutions in the world teaches us that four ingredients are critical to success

- 1- The selection of competent leaders with established track records of excellence in their field who share the vision and are willing to dedicate their careers to the success of the enterprise
- 2- The enlightened support of the top political leadership
- 3- A rapid and competent professionalization of the activities of the institution to establish a level of unquestioned competence, excellence and credibility
- 4- The belief in adapting rules and regulations to the mission and not the other way around.

Clearly some of the above elements are present such as the political leadership support from President José Manuel Barroso and Commissioner for Science and Research, Janez Potocnik that led to the ERC creation in the first place. At this point in time however, some of these critical ingredients for success are missing.

- Rules seem to prevent the easy recruitment of external scientists with a track record of achievement in their field and experience in managing relatively large enterprises. It seems to the review panel that the current approach is that scientists should advise through their council and secretary general but management decisions should be done by non scientists. This approach contradicts the necessary integration of content and process inherent to success in activities as complex and entrepreneurial as frontier science should be. To our knowledge, all

world class research agencies recruit, established and respected scientists capable of such integration, as their leaders. To imply that such scientists cannot be found in Europe is counterproductive to the long term strategic vision for ERC. Just as it would not occur to anyone to recruit a non lawyer to run legal services, it should not be acceptable today in Europe that non-scientists who have not had the direct experience of conducting successful science enterprises themselves run major European research programmes! This flaw in construction should be remedied not just at the level of the Director but at all administrative levels where scientific issues require integration with management decision. It is a key issue if Europe is to find scientific leaders willing to dedicate their career to this success. Scientific Council members cannot substitute in these capacities as they are inherently involved in a part-time basis and cannot assume such responsibilities. THIS IS A CORE ISSUE THAT SHOULD BE ADDRESSED FOR ALL SUCH SCIENTIFIC ADMINISTRATIVE POSITIONS.

- ERC is now an important component of the FP 7 programme, and given its early success and high level of demand from European scientists it should grow in size and importance in subsequent FP programmes and ultimately evolve into a permanent community structure.

ERC is at a stage today when a true PROFESSIONALIZATION both at the scientific and managerial levels should be undertaken. This includes personnel policies that facilitate the recruitment of qualified scientists, the formation of a standing identification committee, and a standing committee to deal with conflict of interests issues, as proposed here.

- Transparency is the key ingredient to establishing trust and credibility for the ERC and processes to ensure such have to be embedded in the operations of ERC and its councils as appropriate.
- We do believe that the shared objective of building up a world class institution is not best served by imposing undue cumbersome regulations, checks and controls. Free societies can only work in the shadow of trust. Misbehaviour, fraud and mismanagement have to be strongly sanctioned, but should not be at the basis of institutional design and administrative or financial management.

The Panel calls for putting in place a new set of rules based on trust and not suspicion and mistrust. We are conscious that such a change goes beyond the limits of research policy but as the present regulations apply to it as well, we cannot but advocate such a change. We strongly underline that the administrative and financial consequences of the present approach impede the full realisation of the dream shared by so many Europeans in the academic and policy world as well as in political milieus.

It is against this background that the four previously mentioned criteria (excellence, autonomy, efficiency, transparency) will be examined.

5. Scientific Excellence

The excellence of an institution or of a programme is not decided by “fiat”. It results from the combination of a series of factors: rules concerning the setting up and functioning of the institution; good practices; its perception by the stakeholders, in particular in terms of fairness and legitimacy. All these elements interact in a hopefully virtuous circle. But the reverse is also true and can very quickly destroy the reputation of an institution.

5.1 *An overall positive assessment*

The initial reputation of the ERC has developed in a positive manner due to a certain number of characteristics which should, at all costs, be preserved:

- The setting up of a Scientific Council made of scientists of high international reputation perceived as free of political/ideological/national allegiances. The fact that the number of members is less than the number of EU Member States is a fundamental feature for the creation of a truly European space of excellence. Excellence has no flag and no passport as the capacity of the US to attract the best scholars from the entire world eloquently demonstrates. The panel recognises that the Scientific Council members have provided time, energy and dedication to assure the best possible start to this major innovation. In practice, however they have worked for free, thanks also to the understanding of their academic institutions. Proper forms of financial compensation and administrative support should be identified in the near future in particular for the Chairs and Vice Chairs. The European Institute of Technology (EIT) rules could be used as a model.
- The requirement that the ERC operates according to the sole criterion of excellence rather than otherwise legitimate considerations such as cohesion, redistribution, thematic programmes, and networking has also been a strong signal, positively perceived by the research community not only in Europe but also beyond.
- The attitude of the Commission in general and of the Commissioner in charge in particular is another important element of the equation. In spite of serious governance issues, which will be addressed later on, one must recognize that, the Scientific Council is entitled to, and has in practice, made choices and assessments and set up guidelines without political interference. This results from the regulations, which state “The Commission, according to art. 6(6) of Council Decision n° 2006/972/EC, shall abstain from following the position of the Scientific Council when it considers that the provisions of this specific programme have not been respected”. This restrictive definition of the Commission’s intervention has been fully implemented by the

Commission not only in its letter but also in its spirit. The real issue today does not lay in the mutual good faith of the parties but in the practical translation of principles in day-to-day administrative practices.

This insulation of research from political interference is greatly to be applauded and is in line with the best practices at the national or international level. The most successful countries are those which have not tried to interfere politically in the choices and development of basic research. Innovation stems from the grass-roots rather than from the top.

These rules and the attitude of the Commission have been instrumental in building up the initial trust and legitimacy needed to support the ERC action. The panel feels very strongly that these rules and practices should not only be preserved but be enhanced whatever the chosen managing structure is (at every level including those apparently related to mundane issues). If the devil is in the detail much attention should be given to implementing fully this spirit at all decisions level. It is not only a matter for the Scientific Council and the Commissioner but for the overall structure.

Recommendation 1

Considering that it is extremely important that the Chair and Vice Chairs of the Scientific Council be working scientists, and that they and their host organisations not be penalised as a result of them taking on these extra jobs, the panel recommends that financial compensation be given to the Scientific Council Chair and Vice Chairs in the form of a lump sum similar to those foreseen for the European Institute for Technology (EIT) Chair and Vice Chairs.

A lump sum for administrative support should be paid to the institutions hosting the Chair and the Vice Chairs

Adequate compensation should also be provided to other Scientific Council members for their attendance at meetings.

5.2 *Scientific Excellence: Preserving quality despite high demand*

5.2.1 The challenge of a European-wide scheme

Excellence means not only that the best proposals will be funded but that everybody is convinced that only excellent proposals have been funded through a proper process. In the research community, the only legitimate and universally recognised instrument of evaluation is peer-review. This has not always been the case over time and space. But this fundamental principle tends towards universality (as testified for instance by the standing of journals and/or international rankings).

The ERC began its operations in 2007 with the view of funding research through peer-reviewed competition. The sole criterion for selecting the proposals was excellence. The first calls were a huge success, testifying that Europe was indeed in great need of such an instrument beyond the traditional thematic programmes put in place by the European Commission. The first two calls for junior applicants and advanced researchers attracted more than 11,000 applications. The selection process, given that subscription was very high, was demanding. Only a small percentage was able to pass the first step of the selection process. In the end, 575 researchers were allocated a total amount of €850 million.

This high subscription is both a blessing and a serious problem. On one hand it is a vivid testimony that the creation of the ERC filled a gap and that there was a huge need to identify proper instruments and mechanisms for the funding of frontier research in Europe. On the other hand such a high level of applications would not be sustainable should this continue in the future with the same set of rules. It would be very difficult to manage properly and to guarantee a well-functioning peer review system, should these high numbers remain constant. In fact, “countermeasures” to the oversubscription of the first call were taken and successfully reduced the numbers of applicants in subsequent calls.

After the wave triggered by the first call for young academics, the volume of applications is now more in line with expectations and projections. However, we should not be over-optimistic about this decrease for several reasons:

- the budgetary cuts in some Member States and the foreseeable financial difficulties at the national level will make the ERC scheme even more attractive.
- the past calls have not fully covered the full gamut of the academic career. For the time being junior academics on one hand and senior distinguished scholars have been given priority. The in-between group (scholars in the middle of their career) have not been directly targeted during the first phase of the ERC’s operation. Future calls taking more into account this group of scholars (probably the largest in number) will attract many applications while also reducing the potential pool of reviewers.

As it would not be possible and acceptable to overly reduce applications through formal restrictions (eligibility for instance) or bureaucratic rules, the only option available to reconcile large numbers of applications with excellence, efficiency and fairness will be through “productivity gains” in the management of the whole process.

Today, problems and difficulties are still perceived as hiccups inherent to the setting up of a new set of rules, mechanisms and structures. In other words, the present hurdles (to be analysed in the successive sections) are still considered as “péchés de jeunesse” (“teething problems”) which do not affect the overall strategy provided that they are swiftly redressed. But not addressing them fully and rapidly could affect very negatively this promising

but still fragile innovation. There is indeed no natural guarantee that the initial capital of trust and legitimacy can be maintained.

5.3 The stakeholders' view

It emerges from oral and written evidence from the Scientific Council itself that the first steps of this new venture are valued positively. In its 2007 report, the Scientific Council speaks of a “successful starting year” and adopts the same view in the position paper prepared for the Panel on 27 March 2009. But even more telling, is the considerable support from the applicants when asked if “in relation to best practices by other funding agencies, they feel that the ERC process was comparable and assured a fair and thorough process of evaluation”: 40% strongly agree and 37,75% agree. Only 12% strongly disagree or disagree. When the panellists were asked about the functioning of the ERC, 90% are positive or very positive and 61% of them agreed that the review process “was in line with best international practices”. Among the reviewers 85% agreed that “on the whole, the present system functions well”.

In the individual comments added to the questionnaire one can get an idea of why this innovative scheme is highly valued.

“The ERC funding scheme is a must for people trying to perform high quality long term research. I have not seen anyone funded that I did not consider as deserving the funding.”

“European Union research funding has a reputation for being hugely bureaucratic. Our accountants hate it. The ERC is a significant improvement. It appears to be scientifically based, without the political considerations of past programmes, such as the necessity to have partners from a variety of countries.”

“With the ERC you have taken a promising direction. Please keep moving in this direction, and at some point it will become truly attractive to researchers.”

“I like the 3 criteria: 1. scientific track record 2. the proposal 3 host, with no nonsense about reach-out, knowledge transfer and secondary criteria.”

“I believe the ERC Starting Grants provide truly unique opportunities for young Principal Investigators to establish their independent research team, and - to my impression - the evaluation of the proposal has been generally fair.”

This success and positive assessment is certainly related, as pointed out by some applicants, to the focus on the excellence of the candidates and of the proposal, rather than some other criteria related to mobility, networking, redistribution, etc. But it is also dependent on the mobilisation of large cohorts of academics dedicating their time and working for free. Many have accepted the hurdles of the initial phase for the sake of the initiative of which they were appreciative.

Institutional organisations invited to provide their comments in writing suggest that some rules, processes or practices of the ERC be improved, but remain very positive about this major innovation. The comments by EUROHORCs

(European Heads of Research Councils) are a good indication of this general trend.

EUROHORCs strongly support the ERC and its initial achievements which have established benchmarks of scientific excellence in promoting “Frontier Research” in Europe.

EUROHORCs underline that the ERC can gain and maintain the trust of the scientific community and build its European and international credibility only by fully following the basic principles set in the legislative text creating the ERC.

EUROHORCs reiterate their commitment to contribute to the debate on the evolution of the ERC, having experienced directly, or through their constituencies (i.e. the national research communities) the successes and difficulties of the first two years of operation of ERC. In this context, they would be ready to testify at a hearing by the review panel.

In conclusion, EUROHORCs express their full support to the statement of the Rietschel report: *“The ERC must be supported by a strong political mandate to play a role in funding European frontier research”*.

Obviously, this appreciation must be nuanced by the relatively short period under consideration. But all the indicators show that the ERC is perceived as a very useful and positive development by the Research Community.

As a testimony to the quality of its review process, the Panel would like to highlight an additional benefit of the ERC. Several countries are now using the ERC assessment for their own purposes, including funding. Already now, France, Hungary, Italy, Luxembourg, Spain, Switzerland, Sweden and the Belgian Flanders region are using the ERC assessment and ranking to give grants to runners up. Those who have met the quality criteria but could not be financed for lack of funds are funded through national schemes without further need for peer review assessment.

“ERC starting grants are unique opportunities for young scientists in Europe. I was not funded by the ERC, but thanks to the careful and positive evaluation [...], I was funded by the Italian Ministry of Research, and I am aware of many European scientists who benefited from the call in similar terms. This indicates that ERC starting grants calls represent the starting point for a virtuous circle really able to foster science in Europe.”

The de facto collaborative complementarity not foreseen by the existing regulations should be encouraged in the future but is already a testimony to the excellent work done by the ERC and its structural impact on the European Research Area.

5.4 Excellence through peer review

The ERC in its starting phase has paid a lot of attention to the setting up of a proper peer-review system. This is indeed a challenging task. There is not yet a fully accepted and harmonized set of shared standards across Europe. Many academics in Europe, however excellent they might be, are still too national in their training, reputation, publications, in particular in some disciplines where internationalization has been slower than in “hard” sciences.

Information is incomplete. Even the most internationalized scholars have a limited knowledge of the available expertise across Europe. The diversity of

disciplines and sub-disciplines is enormous. Interdisciplinarity adds to the complexity. The large numbers of required experts makes the task daunting.

In the present phase, the Scientific Council, confronted with so many challenges and the pressure of time has relied very much on its own knowledge and expertise and has succeeded in mobilizing in Europe and beyond a large pool of academics of repute and prestige. But this modus operandi is not sustainable given the frequency and the magnitude of the problem. Twenty-two Scientific Council members, even with the support of a dedicated administration cannot rely in the long term on somewhat amateurish practices.

In addition, the management of reviewers, referees and panellists has been a source of serious misgivings amongst the research community not only in Europe but also in countries such as the US where scientists have been surprised not to say shocked by the way the overall process was conducted.

As pointed out by a panel chair in an internal report “The current accreditation process has a number of aspects that trigger violent reactions from scientists who are solicited to become external reviewers”.

These negative reactions can be explained by the combination of two factors: the reliance on rules or requirements which are not part of the academic tradition on one hand; the contrast between the level of bureaucratic requirements and the fact that the service (in the case of remote referees for instance) is provided for free or for a symbolic compensation. At least those invited to contribute for the good of the entire community could expect not to be confronted to too much red tape.

The main complaints concern:

- The registration and identification as a referee.

In this first phase reviewers have been solicited by the Scientific Council. These scientists did not volunteer but received an invitation to contribute to the proposals' evaluation. But when entering into contact with the ERC they were asked to prove their identity by sending a copy of their ID or passport by mail only. Electronic means were not accepted. This cumbersome process has created a lot of frustration (why should you prove your identity to the institution who is making a request to you?) and a lot of time has been lost.

- Referees and reviewers consider that they should be given more information beforehand in order to decide if they feel able or not to properly assess the proposal. Referees would also like to have more time available for the assessment.
- Many individual comments in the questionnaire point out at the cumbersomeness of the IT system.

- Finally according to the report of a panel chair, “a repulsive element is that they have to sign a (very lengthy) document describing formally how the evaluation is to be performed; absolutely no scientific institution in the world sends such a document and requests that it will be signed, something judged ridiculous by all scientists that receive it; its length is comparable to the scientific document they will have to evaluate and its content is mostly irrelevant”.
- Panellists complained about the delays and rigidity of reimbursement rules in particular when they have to anticipate from their own pocket costly flights (for instance transatlantic flights).

“The whole process was cumbersome and time consuming. I review for a large number of international funding bodies and this was the worst experience I have had in 30 years. I would not agree to review again. The administrative work, the process and the formats too much time and did not do what is most important, which is to permit the reviewer to focus on the science.”

“If the ERC wants distinguished scholars to serve, the process has to be smooth and straightforward. My experiences with the web-based ERC review process were negative, in particular the "official" appointment as a referee and the signing of the confidentiality form.”

“The referee process is awfully cumbersome and should be based on more trust.”

The panel is of the opinion that excellence can be guaranteed and maintained only if the selection of reviewers is made more professional.

A permanent sub-committee of the Scientific Council should be put in place in order to set up guidelines and steer/control the selection process. A database should be constructed professionally with the support of the Executive Agency in order to maintain the exceptionally high quality of reviewers which has been attained so far.

This database could be created by calling for candidates but this is a limited option. Preference should be given to proposals by universities, Academia, learned journals and societies. These proposals should be checked and controlled by scientific officers and staff under the overall guidance and checks of the Council.

After screening, the committee should make public a list of permanent reviewers who could be solicited according to the proposals received. Being on the list would not mean regular review work, but would imply being in a pool from which reviewers could be drawn. If carefully made, it would be considered prestigious to be considered as a permanent reviewer.

An additional group of more specialised experts could also be established on an ad hoc basis, depending on the needs resulting from the applications flow.

Mutatis mutandis, the same provisions should apply to the selection of panellists in order to provide the ERC with a sufficient pool of recognised scholars, not only in the main disciplines but also in the sub-disciplines. Particular attention should be paid to the selection of experts having experience of interdisciplinary work. The highest quality should guarantee

that interdisciplinarity is not what is left over once the disciplinary choices have been made.

A more user-friendly management system should be put in place:

- The request of sending a proof of identity has no foundation as the initiative of the contact is on the side of the ERC on the recommendation of panel members, and would become useless once the database we recommend be created is in place.
- If such a request cannot be abandoned, asking to have the proof of identity sent by postal mail is completely abusive. Electronic signatures have to be accepted, as they are now for many substantial social activities such as tax declarations, payments, etc.
- Even before a reviewer is accredited, he or she must receive a résumé of the application he or she will have to evaluate, so that they can make up their minds. This is important in order to avoid wasting precious time. Any information sent to them at this stage should be right to the point, as non bureaucratic as possible and respectful of academic traditions.
- This applies equally well to reviewers in the first stage who are called for at the initiative of panel chairs to deal with applications for which no competent reviewer is available.

Recommendation 2

The panel recommends the setting up of a sub committee of the Scientific Council to steer and control the construction of a database for the selection of reviewers and panellists.

Recommendation 3

The management of reviewers and panellists contributing to the programme should be drastically simplified and made as user friendly as possible.

6. Autonomy

There is a common understanding that the birth and initial development of the ERC has been a kind of “divine surprise” given the policy, political and legal difficulties to be overcome. Everybody knew that the construction put in place was slightly baroque but that it was the price to pay in order to make this major breakthrough possible. The challenge was to introduce flexibility within an inflexible framework.

Two major, but rather contradictory, requirements had to be met:

- on one hand the Scientific Council should be autonomous and perceived as such by the research community. There was no chance to succeed if the new programme was seen to be based on political considerations as opposed to scientific advice.
- on the other hand, given the legal framework and the reliance on EU financial resources there was no immediate available solution other than to rely upon the set of existing administrative and financial rules. It meant that the management structure had to conform to the tight rules foreseen for any community body.

The contradiction could not be resolved except by instituting a kind of division of labour between the purely scientific part and the execution of academic choices.

Thanks to the goodwill and cooperation of both parties, it has been possible to find some compromises. But the “original sin” remains. The separation between scientific choices and management is an option which is by itself sub-optimal and which, in fact, is not used at the national level, in particular in those countries where frontier research is the most developed and successful.

6.1 *Scientific autonomy*

On this issue, the view is unanimous. Everybody underlines that the action of the Scientific Council has been free of any interference. From its initial appointment to the successive phases of deliberation and decision, there is a general agreement about the autonomy enjoyed by the Scientific Council.

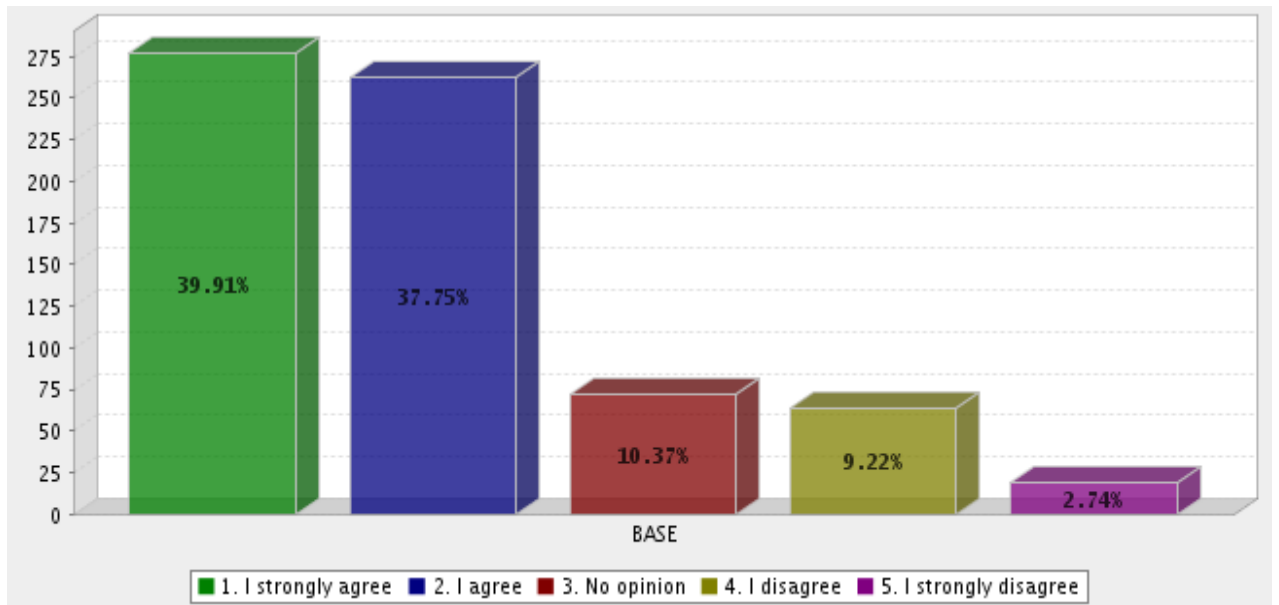
Some elements are well fulfilled, such as “the full authority over decisions on the type of research to be funded” or the duty of the Council to “act as a guarantor of the quality of the activity from the scientific perspective”. It can also in a satisfactory way oversee “the establishment of the annual work programme” and “the establishment of the peer review process”.

The perception that the Scientific Council has been able to act in a totally independent way and that its decisions are based only on academic criteria (peer review and excellence) is shared by all the stakeholders from the Director General of DG Research to the Scientific Council. There is no disagreement on this amongst the actors involved.

As important is the perception of the research community. There is an overwhelming majority of applicants supporting the idea that the ERC process was comparable to best practices of other funding agencies.

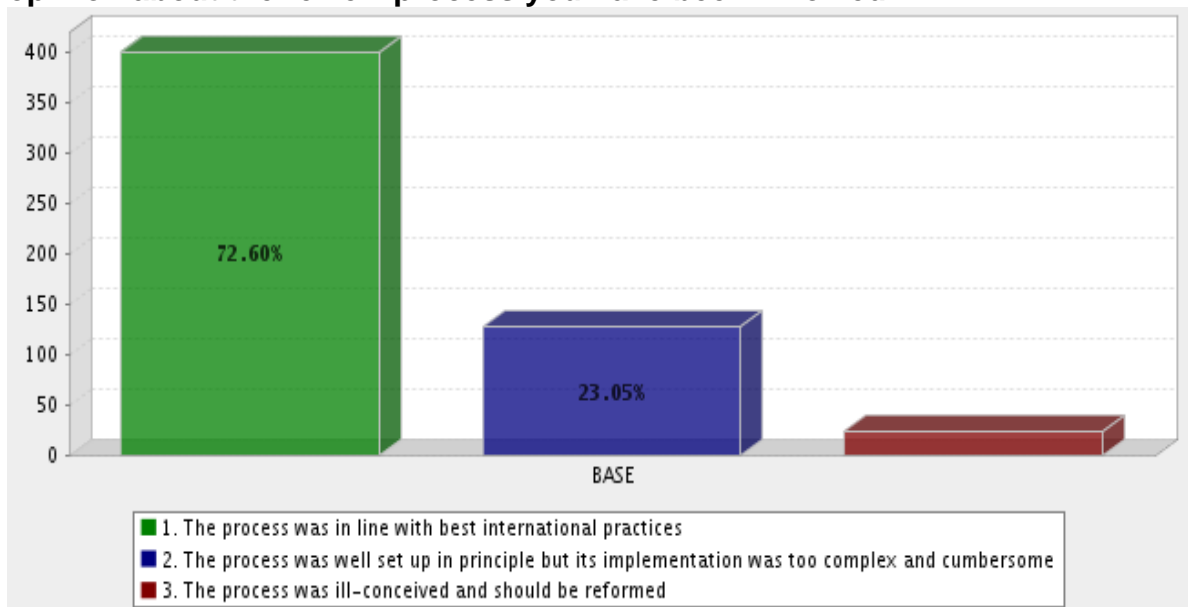
Only 11% of the survey respondents have expressed a negative view.

Question: In relation to best practices by other funding agencies, do you feel that the ERC process was comparable and assured a fair and thorough process of evaluation?



The same opinion prevails amongst the referees who give an overwhelming positive opinion on the academic component of the selection process.

Question: Leaving aside the administrative aspects, what is your overall opinion about the review process you have been involved in?



6.2. Programme vs. Institution

As noted before, the creation of the ERC was made possible through a new interpretation of existing legal and financial frameworks.

In an ideal world, it would have been advisable to set up an independent body run by scientists and managed by scientific officers and staff having experience and expertise in this particular policy area. This autonomy could have been exerted in the framework of an ad hoc institution comparable to similar bodies in national systems. This was not feasible since the funding of research at the European level is foreseen through the establishment of programmes set up for a limited duration, although the FP has the advantage that it is a multi-annual programme with a budget envelope decided for seven years. These programmes have to be agreed by the Council and the Parliament upon proposition of the Commission. In order to establish a funding mechanism for frontier research, the only available solution was the setting up of a programme (Ideas programme) from 2007 to 2013.

The Council has no authority and no say vis-à-vis the Director of the Executive Agency. It has a limited power to influence the recruitment of the staff (in particular the Director and scientific managers), but no power to set up administrative or financial guidelines. It might sometimes criticise or make suggestions, but given the rigidity and the inflexibility of the whole system there are very few chances that desirable changes will be introduced or even taken into consideration.

The major innovation that constitutes the ERC, by way of consequence, was marked by two in-built elements of fragility: the ERC is not an institution but rather a programme; it is established for a limited time (up to 2013²) with the expectation however that the endeavour will be successful and continued.

6.2.1 From the DIS to the Executive Agency

The 2007 decision foresees (art. 9) that a “dedicated implementation structure shall be set up as an external structure; pending the establishment and operability of the external structure, its implementation tasks shall be executed by a dedicated service of the Commission”. The DIS did quite well thanks to the dedication of its staff and in spite of the rigidity and cumbersomeness of rules that this Report suggests be changed rather radically.

The dedicated implementation structure (DIS) served as a transition instrument before the Executive Agency was put in place. The Executive Agencies created by the European bodies are legally independent bodies managing their own administrative budget and staff with the obligation to report to the budget authority. The Director is responsible, as delegated authorising officer, to the Commission who, in the end, is accountable to the political authorities (Council and Parliament) for the correct and efficient

² the ERC Executive Agency is formally created up to 2017

running of the programme. A Steering committee chaired by DG Research's Director General serves as a supervisor vis-à-vis the implementation process. This five-member Committee includes three members of the Commission and two "external" members. The Secretary General of the ERC participates in its deliberations as observer.

This institutional construction is sub-optimal. It is based upon an old-fashioned division of labour between "decision" (supposed to be the "noble" part of the process) and implementation (which is supposed to be purely executive as the name of the agency suggests). This is an obsolete model of management which makes a sharp distinction between decision-making and execution. Innumerable policy-studies have shown the inadequacy of this theoretical model. The example of comparable research funding agencies indicates furthermore that in the best institutions at international level, this clear-cut distinction is blurred. Scientific decisions and grants management are not two separate worlds.

In reality, they are often intimately intermingled. The view according to which administration should not be involved in scientific choices and scientists should not be concerned with management is neither realistic nor tenable. These issues are so much interrelated that the frontier between decision and implementation is indeed very thin.

The present organisational structure is, from this point of view, split. On one side the Scientific Council whose advice and opinions are fully independent, on the other an implementation structure which is, in principle, completely isolated from interference from the Scientific Council, and acts according to standard rules and practices set up by the European Union for all Executive Agencies, whatever their mission.

The qualification of the executive agency as an "external structure" according to article 9 setting up the executive agencies is quite misleading. It is indeed an external structure benefiting from a distinct legal personality and its personnel is in a less favourable statutory position than the Commission Civil Service. Its organisation is fixed by a Regulation from the Council.

For the rest, it is clear that the Executive Agencies are really what their name says they are, i.e. pure executive instruments under the tight control of the Commission. The main advantage of this solution has been the reduction of costs (salaries are lower), a more flexible personnel recruitment policy, and an opportunity to overcome political resistance to increase Commission staff.

At the end of the day, there is nothing more dependent vis-à-vis the Commission than an Executive Agency. In addition, the Regulation 58/2003 laying down the statute for Executive Agencies "to be entrusted with certain tasks in the management of Community programmes" makes clear that it is a model fitting all occasions. The objective was "to ensure uniformity of executive agencies in institutional terms".

The selection of the Director and the definition of his duties, the procedures and the financial regulations are based on the “one size fits all” principle. In theory, there is little or no room for flexibility. In practice, the system is so ill-adapted to this type of policy (funding frontier research) that some practical adjustments had to be made.

6.2.2 The need to create bridges

In practice, several structural adjustments had to be made as a first step to overcoming this excessive rigidity.

- (1) Creation of a Board. An informal “ERC Board” meeting of the Scientific Council Chair and Vice-Chairs together with the ERC Secretary General and the Director of the Agency has been put in place by the Scientific Council. It meets about once a month on average and has functioned as an extremely useful liaison instrument between the scientific and the management components. This Board has no other basis than the pragmatic need to address the coordination/liaison issue.
- (2) The creation of a post of Secretary-General of the Scientific Council was part of the Ideas Specific Programme decision. The Secretary General is chosen by the Scientific Council and acts under its authority. Article 7 of the regulation foresees that he “inter alia assist the Scientific Council in ensuring its effective liaison with the Commission and the dedicated implementation structure”. Article 8 states that his/her tasks are defined by the Scientific Council and adds “These tasks shall include monitoring the effective implementation of the strategy and positions adopted by the Scientific Council, as carried out by the dedicated implementation structure”.

The Secretary General has been appointed as an observer of the Steering Committee of the Executive Agency which is replacing the DIS. His voice can be heard but he has no vote nor specific power, no staff of his own, while the Executive Agency is headed by a director fully responsible for the management of the programme. Far from allowing a good interplay between the scientific and management components, this dual and separate structure is not very practical and might lead to personal/institutional conflicts. Up to now, this structure has functioned more or less well thanks to the goodwill of the persons involved. But it is clear from our enquiry that a lot of frustration is mounting and that very few (if any) are satisfied with the present setting.

These arrangements are a clear indication that the coordination problem between the scientific and managerial parts was perceived from the very beginning. Unfortunately, the constitutive regulations do not fully address the issue. The Secretary General has no power and no instruments other than his own influence in these monitoring functions. At worst he can preach in the desert. At best, he can hope

that informal relations and mutual understanding will allow him to exert a minimal influence.

6.2.3 How to redress the situation?

We envisage a series of steps meant to redress the situation:

- A series of measures need to be taken to reach the major objectives of autonomy and efficiency. This is perfectly feasible within the existing legal framework.
- An evaluation of the results of these measures needs to be made at the end of 2 years, and should decide whether it is possible to achieve the mission of the ERC within an executive agency structure.
- If the evaluation reveals a continuing mismatch between the goals of the ERC and their implementation, then the institutional framework needs to be fundamentally changed and a body set up under the provisions of article 171 of the EC Treaty. In such a case, care should be taken for a smooth transition so that the new structure can start functioning at the beginning of the next Framework Programme.

First phase: Fixing the machinery of the Executive Agency

Within the existing set of rules, further flexibility is possible provided that there is the political will to do so.

First of all, there is a political mandate from the Council to identify potential for flexibility. Indeed, the Council decision N° 2006/972/EC states that “The Commission shall ensure that the dedicated implementation structure follows strictly, efficiently and with the necessary flexibility the objectives and requirements of this specific programme alone” (emphasis added).

Now that the Executive Agency is put in place, the question is how much additional flexibility the Commission can grant in the implementation of the programme. The analysis of the Council Regulation 2003/58 laying down the statute for Executive Agencies, shows that, in fact, the Commission disposes of discretionary powers. In particular art. 6.2 states:

“The terms, criteria, parameters and procedures with which an Executive Agency must comply when performing the tasks referred to in paragraph 2 and the details of the checks to be performed by the Commission departments responsible for community programmes in the management of which an agency is involved, shall be defined by the Commission in the instrument of delegation”.

The key issue is to put in place a system of governance allowing a smooth collaboration between the scientific and operational parts while guaranteeing the professionalisation of the managing body. Such a structure should try to minimise transaction costs, which the present system tends to multiply at pleasure.

Recommendation 4

The Panel recommends that the positions of the Secretary-General and Director be merged. The new position should be filled by a distinguished scientist with robust administrative experience.

Such a change would be in line with the practice of the best frontier research bodies. The necessity to recruit for this post an official of the Commission should not be a major obstacle in order to reach that objective. There are examples of EU officials recruited from outside in other Directorates General (for instance in the Competition Directorate General). This fusion would imply some changes for instance in the duration of the Secretary General's mandate (30 months is not a plausible horizon for a person in charge of the Executive Agency) or in the salary level offered. (It is telling that the opening for the position of Director of the Executive Agency has remained unfulfilled as it is possible that the potential candidates for the position saw it as a demotion of their career development). The fusion of the two functions would provide a real chance to reunify what is artificially split by the decision/implementation – science/bureaucracy divides.

Recommendation 5

The Panel recommends that the Director of the Executive Agency report directly and regularly to the Commissioner in charge.

The current lines of reporting need to be changed. Today, the Executive Director has to report to DG Research's Director General. It means that the hierarchical component is based exclusively on administrative/financial considerations. Under such conditions, a programme run according to procedural and financial regulations might be theoretically considered as a success even if by scientific standards it was perceived as a failure. At the end of the day, in the present scheme, procedural correctness is the main target for those in charge. In the future, the scope should be not only to guarantee the good application of (better) regulations, but also to ensure that the funding choices and the running of the programme have permitted frontier research to develop and flourish.

Recommendation 6

The Panel recommends the strengthening of the Executive Agency Steering Committee by creating a fair balance between the representation of scientists and non-scientists.

The present rules foresee that all members are appointed by the Commission but do not specify further. The Steering Committee in its new composition should consist of two administrative representatives, two members of the

Scientific Council and one outside distinguished scientist. It should be chaired by a Commission member from the Steering Committee who must be a qualified scientist with managerial expertise.

Recommendation 7

The Panel recommends that the Financial and Staff Regulations applicable to the Executive Agency be adapted to the specific needs of the ERC's mission.

Given that the Commission is empowered to deviate from the Financial Regulation adopted by the Council in the interest of specific operating requirements of executive agencies it will also be empowered to take account of the needs of specific executive agencies in its own legislation.

We note from the Legal Service opinion that "standard regulation may deviate from the Financial Regulation applicable to the general budget of the European Communities only if the specific operating requirements of the executive agencies so require". It would seem to follow from this provision that the Commission would not be barred from adjusting the standard regulation in order to meet specific operating requirements of the ERC Executive Agency while maintaining the general uniformity of executive agencies in institutional terms³.

Given the specific expertise and competences required for the needs of the European Research Council, flexibility should also be used whenever possible. In particular, the Steering Committee in its new composition could, in agreement with the Commission, adopt the necessary adjustments to the personnel management rules. Once again, rules should be adapted to the ends and not the reverse.

Second phase: Evaluation of the implementation of recommended changes

Recommendation 8

The implementation of the recommendations put forth by this panel should be formally evaluated by an independent panel in two years' time.

Should this evaluation reveal continuing problems, there would be no other alternative than to create a new body fulfilling the criteria considered as prerequisites by all international institutions of that type.

³ See recital 8 of Council Regulation (EC) No 58/2003.

Third phase: Creating a new structure under article 171

Recommendation 9

Assuming that it has not been possible to achieve the goals of the ERC within an executive agency structure, steps should be taken to create a new structure under article 171, to be operative by the start of the 8th Framework Programme.

This is more innovative and requires more time but shares the same spirit, i.e. reconciling scientific choices and management rather than separating artificially these two dimensions.

The objective is to provide Europe with a funding mechanism for frontier research comparable to the best similar institutions at the international level.

Within the present legal framework of EU institutions, it is possible to envisage the establishment of such a new body by applying article 171. It states that “The Community may set up joint undertakings or any other structure necessary for the execution of community research, technological development and demonstration programmes”.

After examining and comparing the structures of the existing seven EU Agencies, the panel concluded that they were remarkably heterogeneous in nature, with no discernible common pattern that might serve as a straightforward blueprint for any new institution. We take this to mean that the provisions of article 171 of the EC Treaty are broad enough and flexible enough to allow for the creation of a body specifically tailored to the needs of a Research Council in support of advanced frontier research.

According to our legal understanding, one important element of article 171 is its reference to programmes (and not just one framework programme) allowing for an element of permanence. This article also refers to the concept of execution while the EU usually refers to implementation. In contrast to the legal concept of implementation, the term “execution” used in article 171 is broader, in that it may not only comprehend implementing tasks, in the institutional sense, but also the creation and operation of organisational forms and structures technical installations and equipment as well as personal expertise necessary for carrying out RTD activities under Community programmes.

The setting up of such a new body would imply:

1. Legislative changes in order to make the new article 171 body a recipient of global community contributions. The relationship between the Commission and the new body would have to be defined to take into account its autonomy but the fundamental rules governing the functioning of the Scientific Council (to be transformed into a governing board) could, *mutatis mutandis*, be transferred.

2. The organisational structure of the new body should be inspired by one guiding principle: associate closely scientific and administrative management and not separate them as in the present arrangement. The role of the Commission would remain crucial but in the form of indirect management rather than direct administrative involvement as today. Obviously, the present division Director General of DG Research, Director of the Executive Agency and the Secretary General should be replaced by the new institutional arrangement.
3. Given the administrative, human and financial costs associated with the creation of this new structure, and the dismantling of the previous one, a transition period should be foreseen in order to avoid any interruption in the funding mechanisms. The staff of the Executive Agency should be integrated into the new body in order to ensure continuity.

7. Efficiency

The efficiency of the ERC can be assessed from several viewpoints:

- capacity of managing the proposals properly and within a reasonable amount of time
- limiting the administrative costs to a level comparable to similar schemes or institutions
- acquiring the adequate expertise to process the proposals and their management

7.1 *Managing the proposals properly*

On the whole, the answers from the applicants indicate a rather high level of satisfaction with the process of selection and management of the proposals. Satisfaction is more mitigated on the side of the panellists and reviewers.

There is, first of all, a general recognition that the dedicated implementation structure and its Director have accomplished a very good job in dealing with a quite new process. In the words of the scientific Council itself, the DIS has provided an excellent support in the first phase before the establishment of the executive agency. In many ways this success is related to a “pioneer mentality” on the side of all involved parties. Making the ERC a success story was felt as an imperative given the issues at stake: for the first time frontier-research could be funded on a pan-European level through competition for excellence. A failure would have been dramatic and detrimental to any similar scheme for many years. But as underlined by the Scientific Council itself, this overall satisfaction “also obscures some significant problems which, if not resolved quickly, threaten to undermine the ERC’s credibility and effectiveness”. Indeed it cannot be expected that an administration performs in the long term with the kind of “missionary” spirit prevailing at the time of a promising but uncertain start.

7.2 *Putting things right*

A second measure of efficiency is the capacity to deliver the goods in a user-friendly manner, i.e., by adopting lean procedures and avoiding any rules, prohibitions or controls not necessary to the smooth running of the process.

As the Academia Europaea put it in its position paper: the ERC should maintain a strict control on process, ensuring that it is “fit for purpose: simple to engage with, rigorous in assessment but that carries the minimum in administrative bureaucracy consistent with maintenance of quality and excellence”.

Unfortunately, on this point, the view of the Academia Europaea sounds a bit like a “voeu pieux” or wishful thinking. The implementation of the ERC scientific choices is trapped in the complexity and cumbersomeness of EU regulations and in particular the financial regulation. The purpose and rationale of these rules are beyond discussion: avoiding fraud, securing the proper use of public resources are objectives that everybody can only approve and support.

But the whole process of over-regulation, over-control, and over-steering has tremendous detrimental effects on the morale, practices and behaviour of the EU administration. Distrust is the key word to describe a situation where everybody becomes suspected of misbehaviour (or at least is treated as if they were). Everybody in private seems to deplore it but everybody feels obliged to act according to this way of doing. Making the rules more flexible – even when their strict application is unnecessary or ridiculous- might entail so many risks that nobody dares to do it.

The entire philosophy should be rethought. Trust – combined with strong sanctions in case of guilt - should be restored. The panel is conscious that this dramatic change goes much beyond its mission statement as it is not specific to the ERC or even to the domain of research. But it is not acceptable that undue requests and controls are discouraging the best scholars to apply or to review.

It could be argued that these are minor issues which do not affect the overall quality of the programme. We do not believe it. These issues, if not properly tackled, could jeopardise the good functioning and the legitimacy of the whole enterprise.

The working of the entire structure is and will be based on the contribution of several thousand scientists in Europe and throughout the world. Most of them give their time for free and others for a symbolic compensation. If the word passes (as is already the case) that the exercise requires more time for red tape than for scientific work, it will be difficult or impossible to get the effective involvement of the best academics and researchers.

In the view of the panel most if not all of these “irritants” could and should be removed before the next call for applications is launched.

7.3 *Acquiring the right expertise capacity*

Managing the allocation of resources to research might be perceived, *prima facie*, as a task similar to any other policy management. This is probably true for part of the process. But the ongoing dialogue with the beneficiaries of ERC funding in charge of managing the day-to-day operations of their project require that the administrative staff be well-informed about the academic and research rules and practices as well as about peculiarities of the concerned discipline. At the European level, this knowledge requirement is further exacerbated by the multiplicity of academic, legal and cultural traditions across the continent and beyond.

Fortunately, during the starting phase, a large share of the DIS personnel had previous working experience with DG Research and this expertise has greatly helped to facilitate the launching of a programme with no equivalent in Europe. In addition, the staff recruited for the agency has high levels of research and administrative experience.

The DIS has also benefited from expert staff seconded for limited periods by national research organisations. The panel strongly believes that this contribution is crucial and should be continued provided that this seconded personnel is used for its competencies and not for ancillary tasks of minor importance. Obviously the issue of conflict of interests has to be considered with particular attention, but can be tackled without too much difficulty. The recent interpretation given by the Commission to the conflict of interest rules are too narrowly restrictive. By severely restricting the role of seconded experts, such an approach prevents the agency from making full use of their knowledge and expertise. Forbidding them for instance to manage review panels or to participate in some ERC meetings simply does not make the best use of the resources of this competent staff. As the EUROHORCs President states: “seconded national officers are not meant only to make photocopies”.

Recommendation 10

The Panel recommends that the rules of conflict of interest be interpreted in such a way that they do not become an impediment to collaboration and action for seconded national experts.

7.4 *Limiting the administrative costs*

It is not a simple business to manage over several years, projects coming and implemented in diverse legal and scientific traditions. Several hundreds of officers are employed for that purpose and in its final phase, the ERC

executive agency should count 300 employees by 2009 and close to 400 by 2013.

It was recalled that the Legislator had set a limit in the Ideas Specific programme that costs should be at a maximum of 5% (of total budget) and that a political target had been set for the ERCEA of 3,5%. It was recognised that organising a multinational, pan-European agency was more expensive than a national one. It was suggested that efficiency should be judged not just on the overall budget dispensed but in relation to the nature of the expenditure, such as size and number of grants (i.e. activity-based budgeting). The Panel noted that the ERCEA remained within the ceiling, but commented that, given that the procedures in the ERC were cumbersome, additional savings may be possible provided that administrative procedures are simplified.

There was further discussion on the perceived benefits of "grants" over "contracts". Grants might allow greater financial flexibility such as payments with a multi-annual commitment and yearly instalments. It was noted that the current ERC Grant Agreement is relatively light and more flexible than other FP7 instruments, simulating a grant-in-aid approach. This positive evolution should continue and be strengthened in order to attribute funding in the form of lump sums.

It was also pointed out that some of the irritants relating to the financial management arise not from the grant instrument itself but from the broader accounting and auditing requirements applying to the Community budget. This means that there has to be evidence of what the ERC funds are spent on to a degree of detail that is inappropriate to the administration of research projects. Thus, in the case of staff costs, host institutions feel obliged to require staff timesheets, which represent a complete rupture with academic tradition, do nothing to ensure that the work is really being done and are perceived as demeaning by many researchers.

The Panel noted that there seemed to be a fundamental misalignment between administrative policies and mission and delivery of frontier research. As underlined in the written and oral evidence gathered by the Review Panel, there is a culture of mistrust and inappropriate financial management procedures.

Recommendation 11

The funding of research proposals should be made in the form of lump sums.

8. Transparency

The issue of transparency is fundamental for securing to the ERC the legitimacy that such a structure requires.

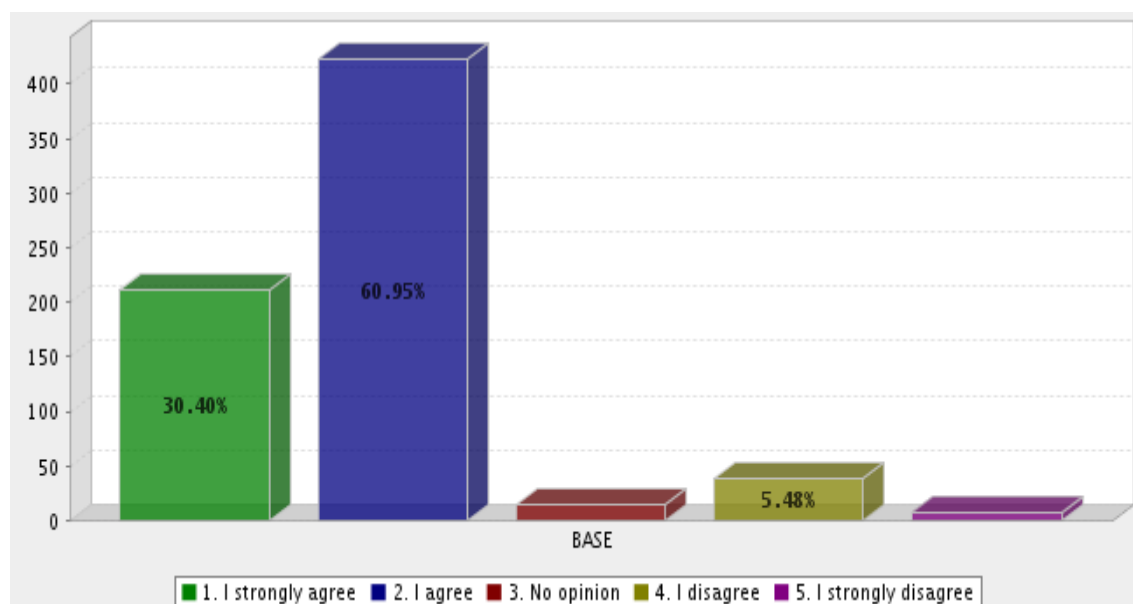
It has several implications:

1. That the selection process of the Council, panellists and reviewers be seen and perceived as fair and transparent
2. That the “rules of the game” are perceived as clear and applied in a fair way and that the funding agency provides the necessary and proper information to stakeholders and in particular to applicants
3. That the competent authorities report and inform in a transparent way.

After having analysed the survey and the available documentation the panel is of the opinion that the ERC (both the Scientific Council and the dedicated implementation structure) have done, on the whole, an excellent job. However, a certain number of adjustments and changes should be introduced in order to further improve an overall satisfactory situation.

This satisfaction can be assessed from the point of view of applicants. The applicants express first their satisfaction about the documentation and guidance provided by the ERC.

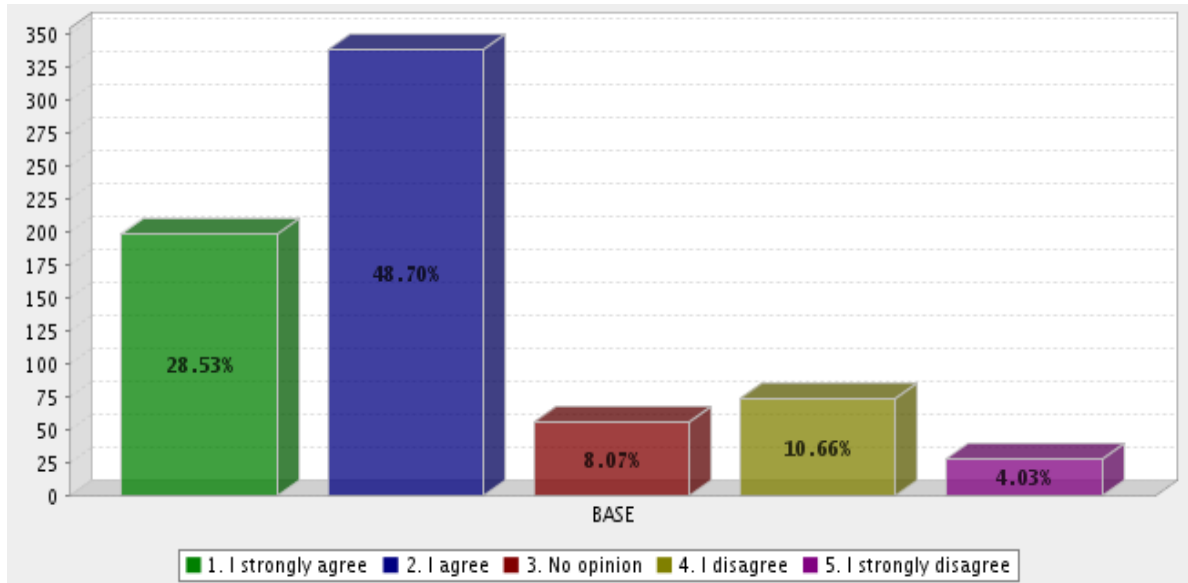
Question: The set of documentation provided by the ERC was sufficiently clear and coherent. It provided the necessary guidance during the application process.



The same excellent score applies to the evaluation report.

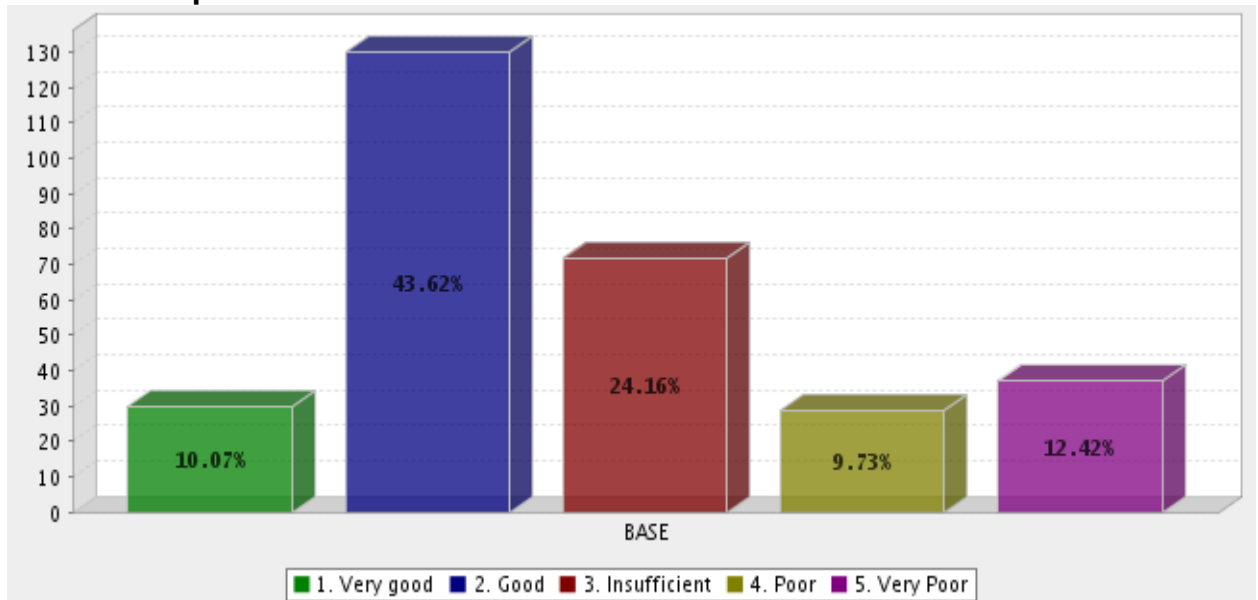
Question: The Evaluation Report (containing scores and comments from individual reviewers and final scores plus a comment by the panel) was

sufficiently clear and informative for you to understand the fate of your proposal.



Even more telling the results are still positive when the applicant was unsuccessful.

Question: If your proposal has not been funded, do you feel that the information provided afterwards was



8.1 Transparency in the selection process of Scientific Council members

The difficult process of selecting the members of the Scientific Council, needs to be as transparent as possible in order to maintain confidence in the objectivity and fairness of Scientific Council decisions.

8.1.1. Selection of Council members

The selection process of Scientific Council members has not given rise to any criticism in spite of the difficulty to select 22 distinguished members from so many disciplines and countries. This successful experience should be consolidated and extended.

In its final report of 15 January 2009, the ERC Scientific Council Identification Committee set up the principles for the renewal of the Scientific Council. The Review Panel fully shares and supports the principles agreed upon by this committee in order to strengthen the transparency and legitimacy of the process.

The Scientific Council members should (could) have the possibility to serve a second four-year term, based on service and subject to the appropriate re-nomination from the Identification Committee. Appointments on vacant seats should not be made on consideration of nationality or discipline of the outgoing members.

The only slight reservation concerns the appointment of new members following the resignation of three scholars of the Scientific Council. It was unfortunate that members of the same nationality were chosen, giving the impression that the concerned countries had a kind of right to the vacant seat. The panel underlines that, in the appointment of new members for filling vacancies on the Council, in no case should it be taken as a criterion that the nationality of the new member must be the same as that of the previous incumbent.

Recommendation 12

A Standing Committee of high calibre should be constituted as an Identification Committee which presents to the Commissioner the names of candidates to replace outgoing members and the names of present members who should be renewed for a second four-year term.

8.2 Transparency of rules, evaluation and feedback

Overall, the applicants perceive the information provided by the ERC as useful and user friendly. The survey shows for instance that nearly 92% strongly agree or agree that “the set of documentation provided by the ERC was sufficiently clear and coherent. It provided the necessary guidance during the application process”.

The same percentage (93%) also agreed that “it was easy to understand the concepts of the Grant scheme and to make the decision to apply” and that “it was easy to understand the eligibility and evaluation criteria”.

The same positive view applies to the evaluation report (which contains scores and comments from individual reviewers and final scores plus a comment by the panel). It is considered as clear and informative by 78% of the respondents. However, the positive opinion is slightly less amongst the applicants who have not been funded. Only 11% think that the information provided was very good and 44.6% good. 20% considered that the information was insufficient, 10% poor and nearly 14% very poor. These less favourable figures could be attributed to the understandable disappointment of candidates coming close to the target but missing it at the end. There is probably some truth in that analysis. But the survey points out also the necessity to pay special attention to this category. Those who are successful as well as those whose assessment is clearly negative are not the problem. Special care in the form of detailed information and explanation should be given to these excellent candidates who could not be funded. If done properly, the decision will be understood as this individual comment testifies:

“I was not funded by the ERC [...] The reviews received were well justified despite I was not funded.”

Or

“On the plus side, looking at who was funded, I believe that in general, excellent choices were made”.

Instead, lack of information triggers frustration as some respondents testify:

“The proposal received very good review and high scores, but was rejected for lack of funds. It was then impossible to understand why it was not funded. In other words, no weakness in the proposal was pointed out by the referees that could motivate its fate”.

Or

“I think the comments given by the panel were extremely bland and knowing from experience in the panel of the starting grants, I am aware that the obsession with the possibility of litigation by a rejected applicant makes it virtually impossible to give useful comments to an applicant. This kind of “politically correct” feedback is quite useless for an applicant”.

8.3 *Transparency and Conflicts of Interest*

It is fundamental that conflicts of interest issues be addressed in a way which guarantees fairness and equality of treatment. No grant attribution should be suspected of being stained by favouritism. Presently the issue has been tackled but sometimes in a rather bureaucratic spirit. Applying for instance the rule that a scientist cannot review a proposal from a colleague working in the same organisation, sounds at first sight as common sense. However, when applied to large umbrella organisations such as the French CNRS, it might mean a national ban! It should not be forgotten that the set of rules has to be applied to more than thirty different legal and institutional systems. A minimum of flexibility in order to avoid unexpected but absurd consequences should be possible. Only an ad hoc committee with the appropriate power would be able to deal with the concrete consequences of general rules.

Recommendation 13

A permanent committee of the Scientific Council dealing with conflicts of interest issues should be established.

8.4 *General reporting and information*

The information strategy and practices of the ERC be it by their scientific or administrative components, are on the whole sufficient and satisfactory. However, the Panel was surprised to find that there is no public account of the Scientific Council meetings.

Recommendation 14

The summarised minutes of the Scientific Council plenary meetings should be made public and posted on the web after each meeting of the Council.

Conclusions

The Panel recognises that the launching of the ERC, in spite of institutional and regulatory difficulties, given its innovative character, represents a remarkable success for a novel and essential instrument for European Science. Its creation constitutes a major improvement in relation to the existing funding structures in Europe. Not only does it redress some of the flaws of the traditional thematic programmes, but it sets up for the first time a truly pan-European, scientifically independent instrument dedicated to supporting excellence in frontier research thus providing an avenue for freeing up the creativity and innovation of all European scientists and establishing a new standard of excellence for Europe.

The Panel acknowledges with great satisfaction that this institutional innovation has been happily complemented by the attitude and practices of the main stakeholders. The scientific community has contributed with enthusiasm to the launching and functioning of a funding mechanism without equivalent in Europe. The Commission, on its side, has fully respected the academic freedom of evaluation and selection of the successful projects. No political interference has been detected by the Panel who wishes to pay tribute to the way the Commissioner in charge has “set the tone”. The panel wishes to underline that these good practices constitute a crucial factor of the past success and their continuity a guarantee for the legitimacy of this young institution in the future. In particular, the Panel believes that a number of Council members selected on the basis of excellence and merit without regard to a formula, related to the number of EU Member States, is one key element of the scientific success and autonomy of the ERC Council.

While recognising that the initial start of the ERC is very promising, the Panel expressed deep concerns about the long-term sustainability of the scheme under the present operating conditions. At the most fundamental level there is an incompatibility between the current governance philosophy, administrative rules and practices and the stated goals of the ERC. The review panel strongly feels the need to correct these flaws as soon as possible in any appropriate way.

The institutional and procedural flaws observed have been partially offset first by the goodwill and dedication of the Council members, and then by the support from the entire scientific community as well as by the dedicated implementation structure. They have compensated the weaknesses or imperfections of the present system and sometimes accepted the unacceptable in order to give the best possible chance to this major initiative. The success is largely the result of enthusiasm, dedication and support from thousands of scientists in Europe and beyond.

We have asked ourselves whether the flaws we have observed are simply the ‘teething’ problems which any new organisation faces, but have come to the conclusion that they are not. We are, therefore, very concerned that the initial success of the ERC may decline if the institutional, procedural and

administrative deficiencies we observe are not swiftly corrected. Institutions cannot survive only on goodwill. In particular, the ERC can function properly only if it can mobilise the very best scientists in Europe in order to provide a fair and sound judgement on the submitted proposals. Should these recognised scientists increasingly refuse to participate in the future because of the cumbersome and complex procedures used for the management of the process, it is the whole programme which would be jeopardised. The review panel feels that there is a fundamental difference in the approach to the management of investigator-initiated frontier science that can lead to fundamental breakthroughs in knowledge as opposed to thematically directed more goal-oriented research. The first relies on maximizing freedom of exploration based on novel conceptual approaches and assesses progress retrospectively. The second is milestones-driven and relies on stricter and prospective formal procedures. Thus, by design, scientific research around breakthrough concepts does not rely so much on rigid rules, as it is essentially unpredictable. Best practices rely on a flexible support process based on a grant in aid design whereby the funding agency takes a chance on an investigator but relies on retrospective progress reports and results assessment. In other words the operating principle is “trust but verify”. This is justified by the fact that the scientists who achieve grant funding have been identified through a competitive and highly selective process of peer review. This is why excellence and independence of peer review, the main mechanism of scientific project selection which has reliably performed in many parts of the world has no alternative. Yet it is a fragile and delicate instrument, especially on a continent such as Europe where practices and rules of the game are not yet as established as in many other scientific communities.

The Panel urges the Commission to take every possible measure (legal, financial, procedural and administrative) to adapt its rules and procedures to the unique nature of the ERC mission. This will guarantee that the happy momentum observed will continue in the medium and long term period. The review panel was given numerous examples whereby a well intentioned application of routine EU rules and procedures contradicts the ultimate purpose of the creation of the ERC: a new model agency for the conduct of competitive, frontier science in Europe. The reported signs of uneasiness and dissatisfaction with existing rules and practices are a worrying indication of the fragility of the present equilibrium. The ERC which started rather well should avoid the traps and pitfalls which have negatively affected the processes of other FP7 programmes. Given its nature and characteristics (identifying frontier research and excellence) it would be a deadly blow.

List of recommendations put forward by the Panel

Recommendation 1

Considering that it is extremely important that the Chair and Vice Chairs of the Scientific Council be working scientists, and that they and their host organisations not be penalised as a result of them taking on these extra jobs, the panel recommends that financial compensation be given to the Scientific Council Chair and Vice Chairs in the form of a lump sum similar to those foreseen for the European Institute for Technology (EIT) Chair and Vice Chairs.

A lump sum for administrative support should be paid to the institutions hosting the Chair and the Vice Chairs

Adequate compensation should also be provided to other Scientific Council members for their attendance at meetings.

Recommendation 2

The panel recommends the setting up of a sub committee of the Scientific Council to steer and control the construction of a database for the selection of reviewers and panellists.

Recommendation 3

The management of reviewers and panellists contributing to the programme should be drastically simplified and made as user friendly as possible.

Recommendation 4

The Panel recommends that the positions of the Secretary-General and Director be merged. The new position should be filled by a distinguished scientist with robust administrative experience.

Recommendation 5

The Panel recommends that the Director of the Executive Agency reports directly and regularly to the Commissioner in charge.

Recommendation 6

The Panel recommends the strengthening of the Executive Agency Steering Committee by creating a fair balance between the representation of scientists and non-scientists.

Recommendation 7

The Panel recommends that the Financial and Staff Regulations applicable to the Executive Agency be adapted to the specific needs of the ERC's mission.

Recommendation 8

The implementation of the recommendations put forth by this panel should be formally evaluated by an independent panel in two years' time.

Recommendation 9

Assuming that it has not been possible to achieve the goals of the ERC within an executive agency structure, steps should be taken to create a new structure under article 171, to be operative by the start of the 8th Framework Programme.

Recommendation 10

The Panel recommends that the rules of conflict of interest be interpreted in such a way that it does not become an impediment to collaboration and action for seconded national experts.

Recommendation 11

The funding of research proposals should be made in the form of lump sums.

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