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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
To:	Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union
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Subject:	Commission Staff Working document : Executive summary of the impact assessment : accompanying the document Proposal for a Decision of the European Parliament and of the Council on the Union's participation in the Active and Assisted Living (AAL) Research and Development Programme jointly undertaken by several Member States

Delegations will find attached document [SWD\(2013\) 252 final](#).

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COMMISSION STAFF WORKING DOCUMENT

EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT

Accompanying the document

**Proposal for a Decision of the European Parliament and of the Council
on the Union's participation in the Active and Assisted Living (AAL) Research and
Development Programme jointly undertaken by several Member States**

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Proposal for a Decision of the European Parliament and of the Council on the Union's participation in the Active and Assisted Living (AAL) Research and Development Programme jointly undertaken by several Member States

1. PROBLEM DEFINITION

Demographic ageing is set to bring about an imminent and significant change in society and the economy for which the EU is not yet well prepared. Spiralling ageing-related costs for governments are being compounded by missed or underexploited opportunities on the growing markets for ICT-enabled products and services for active and healthy ageing.

There are three main problems with these markets. The first is low availability of innovative ICT products and services, caused by EU market fragmentation. Secondly, there is fragmentation of R&D and innovation at European level, with high participation barriers for SMEs. The third problem stems from limited adoption of innovation, related to a lack of evidence building and sharing.

To tackle these problems, the current Ambient Assisted Living Joint Programme (AAL JP) was established in 2008. It comprises of 20 Member States and three countries associated to the Framework Programme Seven (FP7) through which it is financed. It aimed to create a critical mass of applied R&D and innovation (with a 2-3 year time to market) for ICT-based products, services and systems for active and healthy ageing at EU level. .

AAL solutions can help the elderly people to adapt their personal lifestyle, health management, and workplace as they grow older, so that they can participate in the economy and society for more years, and live longer at home.

Each AAL project involves at least three countries, one SME, one research body and one organisation representing older people. The application is organised at national level, which substantially lowers the participation barrier for local organisations and SMEs. The current AAL JP is financed by participating countries, the EU, and the participating organisations (approximately 25 %, 25 % and 50 % respectively). The current programme (2008 – 2013) has a minimum total public budget of € 300 million, of which up to € 150 million comes from the FP7, through Art. 185 of the Treaty on the Functioning of the European Union (TFEU).

The interim evaluation (2010) concluded that the AAL JP was successfully meeting its objectives. In February 2012 the AAL JP General Assembly concluded that continuing the programme is of strategic importance, also as a major contribution to the European Innovation Partnership on Active and Healthy Ageing (EIP AHA).

2. ANALYSIS OF SUBSIDIARITY

A follow-up to the AAL JP would require the preparation of a new co-decision by the European Parliament and the Council under Art. 185 TFEU, to provide for continuity between the FP7/CIP and Horizon 2020 funding.

The follow-up programme (AAL JP2) would respect the proportionality principle, as the Member States themselves will be responsible for the strategic work programme and all operational aspects. The Commission merely provides incentives for improved coordination and ensures synergy with its other funding activities in this field.

The budgetary impact and EU contribution to this initiative are part of the Horizon 2020 proposal and budget. They will be subject to the outcome of the H2020 decision and the financial commitments by participating countries. The EU added value is evident given the problems: fragmentation of the market and of research efforts, a lack of focus on trans-EU deployment and a lack of a shared European vision on the markets for ICT to assist active and healthy ageing.

3. OBJECTIVES

The general objectives of the follow-up programme to the AAL JP are to improve conditions for EU competitiveness in ICT-based products and services for active and healthy ageing; to contribute to sound public finances and smart, sustainable and inclusive growth; to contribute to increasing R&D spending to 3 % of GDP by 2020; and to focus future Union funding programmes more on EU 2020 priorities by addressing societal challenges, in particular health and demographic ageing.

The specific objectives are to improve the quality of life of the elderly and their carers; to increase the sustainability of care systems, by increase the availability of ICT-based products and services for active and healthy ageing; to create a critical mass of trans-European research and innovation for ICT-based products and services, in particular involving SMEs and users; and to maintain private investments and improve industrial growth potential by providing a framework for European approaches and solutions suited to varying national and regional social preferences and complying with regulatory aspects.

4. POLICY OPTIONS

The following options have been considered and have been assessed in detail:

- Option 1 — AAL JP2 identical to AAL JP1
- Option 2 — No AAL JP2
- Option 3 — AAL JP2 as reinforced and improved AAL JP1.

This would give more attention to user involvement and to bringing the results of applied research closer to the market. The scope of the Joint Programme would be adapted to that of the European Innovation Partnership on Active and Healthy Ageing, changing the AAL JP into an Active and Assisted Living JP.

The following options have been considered but discarded:

- No EU financial commitment to the ICT and ageing field
- No EU financial commitment: just light coordination
- AAL JP2 combined with JPI 'More Years, Better Lives'
- AAL JP2 combined with the follow-up Art. 185 EUROSTARs Initiative.

The first two options would severely limit the development of the emerging EU AAL market. The last two options offer no alternative for an applied research programme due to their nature and scope.

5. ASSESSMENT OF IMPACTS

The impacts were assessed from several angles. The cost benefit comparison evaluated different scenarios. Option 2 would mean no coordination at European level for ICT innovation related to active and healthy ageing and no contribution from the Member States. Under this option, annual EC investments of €23 million would leverage in total some €33 million. On the hand, under the Options 1 and 3 leverage of the same EC investment would be much higher i.e. €91 million.

The mix of project participants would be most suitable under the Option 3 as it suggests more than tripling the involvement of users or their organisations, which is needed according to the Interim Evaluation and consultations. It would be two to three years under Option 1, whereas it would be most likely higher under the Option 2. The Option 3 represents the shortest time to market the project results, also because of the alignment with the EIP-AHA.

The main economic, social and environmental impacts of the AAL JP2 would materialise the strongest under the Option 3. The governments would benefit from cost effective ICT solutions which contribute to long term sustainability of public finances. The programme is building a dedicated community of researchers and supplier of the solutions. The end users would be more involved leading to greater choice of the products. The synergies in the public health and safety would be best possible through EIP AHA. Therefore, the number of Member States could grow and the leveraged funding would be available for wider scope compared to Option 1. There would be less travel of patients and carers under the Options 1 and 3 due to telemonitoring solutions.

6. COMPARISON OF OPTIONS

According to the comparisons of costs and benefits, mix of the project participants, distance to the market of the project results, impact on the EIP AHA, impacts on the objectives of the Option 3 is recommended as the preferred option. It would continue the good results of the current AAL JP and would improve on them by following the recommendations from the interim evaluation of 2010 and consultations, as well as by aligning its scope with that of the EIP AHA.

7. MONITORING AND EVALUATION

In 2017 a mid-term evaluation will be carried out to evaluate the quality and efficiency of the implementation process. The AAL JP2 would be monitored continuously by the AAL

Association (AALA) and annually by the European Commission. The monitoring results would be reported to the Commission and the General Assembly of the AAL JP. Some of the indicators to be used are the following:

- Contribution of AAL JP2 projects to implementation of the Strategic Implementation Plan of EIP-AHA;
- Percentage of projects delivering new products, systems and services on the market;
- Number of participating Member States, number of participants in the AAL JP2 and annual AAL JP Forum;
- Number of Member States able to fund all types of participants, including organisations representing end-users and service providers;
- Amount of evidence on cost-saving measures due to the use of ICT for active and healthy ageing.