

## Speech

### *“Mobilising policies and funding to support Research. Is Philanthropy ready for the challenge?”*

Ladies and Gentlemen,

**Let me start by extending a warm welcome to you all!** I am delighted to see that you have come in such large numbers. Such a level of interest clearly reflects the high importance of the subject, as well as the timeliness of this event.

**This conference today is without precedent.** To my knowledge, this is the first time the European Commission has organised an event to discuss the role played by non-profit organisations such as foundations, trusts, and charities in funding research in Europe, and how to enhance this role even further.

Philanthropy has a long history in Europe. Think only of the Middle Ages and the Enlightenment, when rich supporters of artists and scientists were numerous. Perhaps the time has come to revive this debate in the research field.

\* \* \*

I would like first to outline the **new Community strategy for research and innovation**, which provides the backdrop for this conference - and “giving for research” in general.

Research and Development are an economic lifeline for our firms and our economies. This will become even more the case in the future. Research feeds the necessary flow of new knowledge, intellectual capital, products and services. The dynamism and wealth creation which it helps to generate are what sustains our quality of life - enhancing our living and social standards; meeting the challenges of globalization; ensuring that development is “sustainable”, and so on.

It is therefore our duty and responsibility to ensure that public policy, at Community and Member State level, provides the best possible conditions and incentives for Research to grow and prosper in Europe.

With this in mind, the Commission has proposed a new approach designed to encourage more research and innovation in Europe. We

have 19 fields of action where we can improve the conditions for private sector investment in R&D. It's very clear that more can be done at European level to stimulate a research-friendly environment, and this is an important aspect of our revised strategy for Growth and Jobs, which received support from last week's European Council.

The Action Plan has four strands:

- First, improving the **framework conditions** for investing in research and innovation;
- Second, mobilising **EU funding**;
- Third, consolidating research and innovation at the heart of **business**; and
- Fourth, **Community - Member State partnerships** for policy-learning and co-operation.

As regards **framework conditions**, we want the Community to lead by example in its areas of competence.

- We are currently working in the future Community **Framework for Research and Innovation State Aid**. For the first time we make explicit support for innovation.

- We are looking into modernising company law and corporate governance, an initiative that will have an impact on **Internal Market** and **Foundations**. One of the questions raised here is the **feasibility of a European Foundation Statute**. This conference should provide some very useful input to our thinking on this issue.
- There is also the question of the **use of tax incentives to support research and innovation**. I am pleased to say that this year, the Commission will be issuing guidance on designing and implementing such incentives, with particular attention given to SMEs.

Needless to say, **public support programmes** are also very important to maintain the excellence and attractiveness of the science base, as well as in helping to enhance the research and innovation performance of firms. In this regard, the Research Framework Programme is of course the most significant element of the Community Research policy.

I do not need to elaborate here today on the content of our proposal for the 7<sup>th</sup> **Framework Programme**. Allow me instead simply to recall two of the new elements that may be relevant to you:

- We have introduced the "**European Research Council**", a new scheme which will for the first time fund the best European research at the frontier of knowledge, with the scientific community in the driving seat in terms of setting objectives and awarding grants;
- We have also proposed "**Joint Technology Initiatives**", long-term Public Private Partnerships which will implement major projects identified by **European Technology Platforms** and forming a focal point for all sorts of funding for research in that particular area, whether public, private, national or European.

Two other very important sources of Community funds for research and innovation should also be mentioned. The first is the **Structural Funds** for 2007-2013. The Commission guidelines for these Funds strongly emphasise the need to use them to build up regional research and innovation capacity by improving facilities and know-how in both the public and private sectors. The other is the

proposed **Competitiveness and Innovation Programme**, which is mainly aimed at SMEs.

\* \* \*

We need also to look at how research and innovation are addressed within **Member States**. This is a fundamental element when we look at the overall policy context.

The most recent view we have on this comes from the **National Reform Programmes** which were submitted to the Commission some months ago.

In these, we see that policies and reforms to foster Research and Innovation are considered as key challenges by almost all **Member States**. Nearly all announce measures to encourage private Research expenditure, the most widespread being the extension of **tax credits** for private Research investment, and improving the **quality of education**. Measures are also included to enhance the **efficiency of Research spending** and improve **science-industry links**.

\* \* \*

**So, how does philanthropy fit into this overall context?** What can foundations, trusts and charities do to support and help launch Europe, its universities and research organisations, into the knowledge era? Why do we call for **“Giving More for Research”** as the title of this conference says?

The Commission’s approach to tackling research and innovation under-investment in Europe is to mobilise **all policies and factors**, and this includes **philanthropy**. Philanthropy has considerable potential here in Europe. To date, it has not been as well developed as a source of research funding as in other parts of the world – notably the US.

Therefore and without any doubt, philanthropic support to research deserves much more serious consideration as an element for innovative action in pursuit of the European knowledge society.

\* \* \*

This brings me to the rationale behind this conference and the question of **how to enhance the contribution of philanthropy to research in Europe**.

Currently, the harsh reality of research support by “foundations” is that with some notable exceptions, the amount of money they devote to research in Europe remains low.

**According to our report, in 2003 the non-profit sector in the US, which includes foundations, gave nearly 13 billion dollars to research, or 4.5 % of the total Research effort.** Although few data are available at European level, there is no question that ‘giving for research’ is underdeveloped in most European countries, with the exception of the United Kingdom. The UK situation is due to the remarkable contribution of organisations like the Wellcome Trust as well as a reflection of the well-developed UK donation and charity culture.

In addition, there is a growing culture of ‘asking’ by British universities, which is virtually absent in Continental Europe. We need to create an environment where “giving” is regarded positively by both donor and recipient.

A key to increasing donations seem to be for institutions, like university and research organisations, to manage this as a dedicated function and in a professional and systematic manner.

\* \* \*

As I have already indicated, the question of how to enhance the contribution of philanthropy to research funding in Europe is a new one for us.

The challenge at policy level is to **foster the creation, development and effectiveness of research-supporting philanthropic instruments.**

Some European governments have launched activities, including legislative measures, to enhance the financial support of foundations in the field of research.

These initiatives deserve to be more widely known, as they provide useful examples for other countries to follow. Some of these experiences will be presented during this conference. They will show that, in Europe, we have at hand models which can inspire and guide our reflections and initiatives in this area. We have to make the most of them.

Another key challenge is to bring about a situation where research is one of the top priorities for the various philanthropic instruments. These instruments include:

- Fundraising organisations, which bring in resources from individual, public and private donors;
- Endowments providing research grants;
- Family-controlled and trustee-controlled foundations making grants to research;
- Foundations bringing together big private donors in research funding;
- Corporate foundations, including those promoted by financial institutions;
- And University foundations.

Examples of some of these will be presented during the conference.

\* \* \*

Before I finish I would like to say a few words on the rising importance of **governance issues in relation to philanthropy.**

There is a strong demand, shared by an understanding on the part of foundations, for the governance of philanthropy to be improved. **Transparency and accountability** are crucial not only to donor confidence, but also to greater impact and effectiveness, proving to society that the exceptional regulatory treatment in which they operate - in particular on taxation - is warranted.

In effect, “**Better Regulation**” is already on the agenda of foundations. Codes of practice have been developed by European bodies and others, to enhance their credibility for public authorities and civil society in general. The importance given to governance issues and how to build trust with donors is therefore an important part of the conference programme.

\* \* \*

Ladies and Gentlemen,

More than ever before, Europe needs a new vision to enhance knowledge for growth. There is no reason why the world of philanthropy should not contribute to this – quite the contrary. The role of foundations and trusts as means to raise and channel additional funds for research should be further explored.

To this effect, this conference should help **develop a shared appreciation of the potential role that philanthropy can play to support research in Europe.**

Furthermore, it is important that a series of recommendations to realise this potential should be examined. That includes to my mind the need for, and feasibility of a “**European Forum of Research Foundations**’.

\* \* \*

I would not like to conclude without thanking all those from outside the Commission who have contributed to the organisation of this event, in particular the **European Foundation Centre**, the members of the conference **Steering Committee** who helped to draft the programme, and of course **all the speakers and chairpersons** who will share with us, over the next two days, their views and experiences.

I owe here a special thanks to Mr Mény, the chairman of the group of experts and his colleagues, without whom the report that will be discussed during this conference would not have seen the light of

day, and to Professor Walport both for his personal support for this event and for the helpful contribution made by his staff.

I encourage you to be ambitious in your appraisal. Your views and comments will nurture our future reflections on policies and initiatives in this area - in particular those that may be required at Community level - and I would like to stress this aspect: **“at Community level”**.

Thank you all for your contribution to our common European project – and for your attention.