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

**First Interim Evaluation of the Ambient Assisted Living Joint Programme (AAL JP)**

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## First Interim Evaluation of the Ambient Assisted Living Joint Programme (AAL JP)

### 1. INTRODUCTION

The European Union has recognised ICT as a key factor to address the challenges posed by demographic ageing, as initially outlined in the Commission's Communication "Ageing Well in the Information Society" (2007)<sup>1</sup>. It has notably made available financial support to research, development and innovation in this field. The Commission Communication on a "Digital Agenda for Europe" (2010)<sup>2</sup> reinforces the Union's commitment to make use of ICT for active, independent and healthy ageing.

The EU's participation in the Ambient Assisted Living Joint Programme (AAL JP) is a cornerstone of that commitment. The AAL JP was created by 20 EU Member States and 3 associated countries in 2008. The European Union decided to match participating countries' support with funding from the 7<sup>th</sup> Framework Programme for Research and Technological Development (FP7), based on Article 185 of the Treaty on the Functioning of the European Union (TFEU), previously Article 169 of the EC Treaty<sup>3</sup>.

The AAL JP focuses on applied research with a two-to-three year time-to-market of ICT-based products and services for the elderly population. The AAL JP's participating countries are the principal owners of the AAL JP. They execute the programme through a non-profit AAL Association, governed by a General Assembly and supported operationally by a Central Management Unit. The European Commission has observer status in the General Assembly and a veto right on the annual work programme, and is party in general and annual agreements with the AAL Association concerning the EU's financial contribution.

The 2008 Decision on the financial participation by the Community in the AAL JP required an interim evaluation by 2010, which has been carried out by an independent High-Level Expert Panel chaired by former European Commissioner Meglena Kuneva. The Panel findings have been based on extensive background documentation, case studies, statistical information about the AAL JP, some 40 interviews with a stakeholders, and an online consultation.

The Panel elaborated advice on innovation and demographic ageing in general and provided specific recommendations on the AAL JP. Most of these recommendations are addressed to the participating States in the AAL JP, while some also address the EU Institutions and the broader community of stakeholders (senior citizens' organisations, industry and service providers, regional authorities).

This Communication analyses the key recommendations of the Panel and proposes, where relevant, actions for the European Commission to be pursued in cooperation with other EU institutions and stakeholders, and through the Commission's role in the AAL JP.

### 2. CONTEXT FOR ICT ADDRESSING THE CHALLENGE OF DEMOGRAPHIC AGEING

The basic data about the ageing of Europe's population are well-known. They show an imminent and significant change in society and economy for which the EU is still not well-prepared: a shortage of up to 2 million jobs in care and health is projected to emerge by 2020,

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<sup>1</sup> COM(2007) 332 final, 14 June 2007

<sup>2</sup> COM(2010)245 final/2, 19 May 2010

<sup>3</sup> Decision No 742/2008/EC, 9 July 2008

if no measures to address it are undertaken, resulting in 15% of necessary work in the general healthcare sector not covered<sup>4</sup>; the ratio of people aged over 65 to working people (aged 15-64) will drop from approximately 1:4 in 2008 to 1:3 in 2020 and 1:2 in 2050, straining intergenerational solidarity<sup>5</sup>; the rising cost of ageing will have a significant impact on public finances<sup>6</sup>; and while the 50+ have an estimated disposable income and wealth of some €3 trillion and incomes of pensioners have been rising<sup>7</sup>, disparities are huge with 19% of the elderly at risk of poverty, a figure that is rapidly increasing especially in the EU-10<sup>8</sup>.

The demographic challenge can only be tackled by a coherent combination of social, economic, health, innovation and digital policies<sup>9</sup>. Acting today can translate into a considerable triple win in terms of better quality of life, cost of care that is sustainable for society as a whole, and new jobs and business thanks to a growing 'silver economy'. Demographic ageing has been identified in the Europe 2020 Strategy<sup>10</sup> as both a challenge and an opportunity for smart, sustainable, and inclusive growth. Its flagship initiatives "A Digital Agenda for Europe" and "Innovation Union"<sup>11</sup> each address demographic ageing as a priority.

The Digital Agenda focuses on ICT-enabled innovative services, products, and processes. The Innovation Union Flagship announces a European Innovation Partnership on Active and Health Ageing, in which digital solutions are to play an important role. The transformational nature of ICT allows for innovation in the organisation of care, for example enabling increased time for carers to spend with their elderly clients by increasing effectiveness and reducing red tape in care, solutions to improve working conditions and well being of informal carers, personal lifestyle and health management, workplace adaptation to ageing, and continued active participation of elderly in economy and society. An increasing base of case studies shows reduction and delayed onset of institutional care by 10-30%, high levels of user satisfaction, and growth in business of over 10% p.a.<sup>12</sup>

AAL solutions range from well-known products such as pendants that trigger a social alarm or pill reminders, to more advanced solutions, e.g. *smart living spaces* that detect and compensate for problems that may come with age such as memory loss, wandering, health conditions; *smart products* such as sensor-enabled floors and shoes with actuators to detect or prevent falls; *digital information services* such as security and health monitoring and telecare, or internet-connected televisions for leisure, entertainment, learning, balance or memory training, lifestyle advice and video connections with family. Advanced research explores for instance robotics for assistance with heavy daily chores or co-design of social communication devices by elderly persons.

### 3. PANEL OBSERVATIONS AND RECOMMENDATIONS AS REGARDS INNOVATION AND DEMOGRAPHIC AGEING

The Panel was requested to assess the performance of the AAL JP and, in doing so also looked at the AAL JP in the wider context of innovation and demographic ageing. In connection with the latter the Panel recommends the active promotion of an **enhanced and**

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<sup>4</sup> European Commission's preliminary own estimates based on EUROSTAT and OECD data

<sup>5</sup> SEC (2008) 2911

<sup>6</sup> COM(2009) 545, 17 Sept 2009

<sup>7</sup> Silver Economy Network of European Regions

<sup>8</sup> Interim EPC-SPC Joint Report on Pensions, 28 May 2010

<sup>9</sup> COM(2006) 571, COM(2009) 180, 2009 Ageing Report – European Economy series

<sup>10</sup> COM(2010)2020, 3 March 2010

<sup>11</sup> COM(2010)1161, 6 Oct 2010

<sup>12</sup> Action Plan on Information and Communication Technologies and Ageing (2007), e-Health Lead Market Initiative (2007), ICT programme of FP7, CIP ICT PSP, AAL JP work programme ([www.aal-europe.eu](http://www.aal-europe.eu))

**renewed vision of ageing**, which values the continuing involvement of elderly citizens in society and the economy as an opportunity for the European Union<sup>13</sup>. This vision prioritises empowering the elderly to continue living actively and independently in their preferred environment for as long as possible, and to take care of their own wellbeing and health.

The Commission supports this recommendation, which requires a better coordination between technological, social and business innovation, for example in combining professional and informal care by family and community; putting in place ICT-enabled flexible workplaces and adapted work arrangements for carers who are also active at work; establishing public-private contracts for a viable health and social care business, with verified quality and universal coverage.

The Panel also calls for the rapid creation of a **dynamic market for ICT and ageing, able to deliver innovative products and services and for high impact by combining research, market and deployment activities**.

The Commission supports this recommendation while emphasising, with the Panel, that this requires urgently tackling important barriers which include:

- **Market fragmentation and lack of economies of scale**: much of elderly care is local and requires locally adapted innovation. The challenge is to avoid fragmentation with sub-optimal service quality.
- **Lack of funding for innovation and investment to scale up from pilots**: issues include convincing commercial investors to step up their commitment on a basis of longer-term social and societal objectives, as well as financing for SMEs to expand in larger markets.
- **Uncertainty about payment**: Europe has a large diversity of ways to finance health and social care, which combine public sector, private sector and citizen interventions, and which are often not adapted to supporting innovative ICT-based solutions for active ageing or independent living.

The Panel recommends creating **partnerships** that reinforce the links and interaction between research and development, innovation, market players, regulators and end-users, to address such barriers. The Commission considers that the European Innovation Partnership on Active and Healthy Ageing is an important step in that direction. The creation of the AAL Investment Forum this year is another encouraging step to address some of the investment issues.

The Panel also emphasises that **ensuring operational excellence by closer cooperation between stakeholders** is of the utmost importance to cope with the high degree of fragmentation, decentralisation and the wide range of actors and to be able to act fast and efficiently, which is necessary given the urgency of demographic ageing. Therefore, strong operational management of joint activities is essential. The Commission supports these recommendations which should guide the further development of the AAL JP and other activities in innovation and demographic ageing.

#### **4. PANEL RECOMMENDATIONS SPECIFIC TO THE AAL JP**

The Panel evaluated the AAL JP in five areas:

- Progress towards objectives;
- Level of financial contributions by participating States;

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<sup>13</sup> This approach to ageing is also reflected in the Council in its Conclusions on Active Ageing, 7 June 2010

- Performance of the AAL JP as a driver of integration of national programmes;
- Operational performance;
- European added value.

The larger part of the Panel recommendations directly concern the participating States. Some recommendations concern the involvement of the Commission in the programme. These are addressed under each evaluation area below.

The overall assessment of the Panel is clearly positive as regards relevance and results of the AAL JP, even if the programme has been operational for two years only and projects have not yet been completed. The Panel considers that the AAL JP can provide highly relevant solutions to the challenge of demographic ageing and at the same time be a successful example of the use of Article 185 TFEU for innovative research cooperation between Member States with EU support. The Panel also acknowledged the responsive financial contribution of the participating countries, which has gone well beyond the legally required minimum (for the first two Calls the participating States raised their financial contribution respectively 30% and 50% above the required minimum), and a strong participation of SMEs of well above 40%. The Commission observes that the AAL JP addresses a societal challenge that is of wide concern, with mutual and balanced advantages to pool efforts, and with the AAL JP Decision providing clear rules and incentives for such cooperation.

The Panel, however, also recommends that the AAL JP urgently reinforces its operations. The Commission strongly supports this recommendation and urges participating States to pay close and immediate attention to this recommendation.

### **Progress towards the objectives of AAL JP**

The key objectives of the AAL JP are (i) to enable the emergence of ICT-based products, services and systems for ageing well, (ii) create a sufficient body of research, development and innovation, and (iii) improve conditions for industrial exploitation.

The Panel concluded that the AAL JP is contributing positively to the first and second objective, in particular as regards conditions for industry participation (as evidenced by the high participation of SMEs, i.e. 40%). The Panel recommends, however, putting more efforts on enhancing the actual exploitation of results. It also recommended participating States to reinforce downstream work in areas like service innovation, and to factor in more broadly practical deployment considerations.

The Commission agrees with the Panel on the substantial and visible progress of the AAL JP towards objectives. It also agrees with the Panel recommendation that exploitation of results should receive stronger attention. The actions which the Commission intends to undertake (with stakeholders) will promote the linkage between the AAL JP and deployment instruments, notably the Competitiveness and Innovation Programme, providing market and impact evidence and analysis, and exploring new financing instruments for deployment and uptake<sup>14</sup>. The Commission also intends to ensure that these actions will contribute to and leverage related work in the announced European Innovation Partnership on Active and Healthy Ageing.

The Commission will work with the AAL JP to develop and share **impact metrics** between the programme and the Competitiveness and Innovation Programme (2011).

The Commission will launch a **market observatory** and **business models** study in ICT for

<sup>14</sup> Within the possibilities of state aid rules

ageing well, which will also address the work on business models of AAL JP projects (2011).

The Commission, together with the European Investment Bank and the AAL JP, will **mobilise or set up appropriate financing modalities** to bridge the investment gap for large scale deployment and uptake, taking the JESSICA investment scheme and ELENA technical assistance facility<sup>15</sup> as reference points (2010-2011).

The Commission will propose to the AAL JP to continue supporting the **AAL Investment Forum**, and to open it up to innovators and innovations from FP7 and CIP ICT PSP (2011 and beyond).

### **Level of financial contributions by participating countries**

The Panel concluded that the level of national financial contributions is a major success of the AAL JP. On the whole, joint financing of projects from separate national funding streams is seen as working well. The Panel raised concerns, however, regarding the complexity for participants to deal with the diversity of national rules, as well as with differing payment schedules, sometimes affecting the operation of projects. In addition, the Panel recommended ensuring sufficient resourcing of National Contact Points to allow them to adequately perform their required tasks.

The Commission supports these findings and recommendations and encourages participating States to address the issue of timely payments to project partners from their own countries' budget, as a vital factor for success.

The Commission will continue monitoring key **financial performance metrics** (time-to-payment, time-to-contract) in its annual reviews of the AAL JP and follow-up where necessary in particular to ensure timely payments (2010 onwards).

### **Performance of the AAL JP for the integration of national programmes**

The Panel found that the AAL JP is an important instrument for integration of national efforts and the creation of synergies, especially as regards scientific and management integration. Differing financial and funding eligibility rules across participating countries, however, complicate the formation of international consortia and the effective participation of all relevant stakeholders and the Panel recommends addressing this important issue.

The Commission agrees with this recommendation and invites the participating States to take the integration objective of the AAL JP in utmost account, by a better harmonisation and simplification of funding eligibility rules and alignment of financing and disbursement practices.

The Commission will work with the AAL JP Participating States to analyse funding approaches, with a view to exchange of practices and as input for the longer-term future of the AAL JP (2011).

### **Operational performance of the AAL JP**

The Panel found that the first two calls for proposals under the AAL JP have been carried out successfully. It recommends, however, treating the reinforcement and improvement of the operations of the Central Management Unit as a priority. It also urges the AAL JP to expand opportunities for end-users' input in the programme and projects, by involving them at earlier

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<sup>15</sup> These address resp. sustainable urban development and sustainable energy at the local level, [www.eib.org](http://www.eib.org)

stages, by enhancing their eligibility for national funding and ensuring their representation in the AAL JP Advisory Board.

The Commission supports these recommendations and urges participating States to support the operations of the programme more strongly, by allocating human and financial resources including, if appropriate, stepped-up joint financing of the programme operations.

The Commission also agrees with the Panel that the exchange of experience and creation of synergies with related Article 185 programmes, like Eurostars, EMPR and Bonus-169 can be instrumental in improving the management and operations of the AAL JP.

The Commission will facilitate the **exchange of Article 185 practices** in the implementation of related programmes through exchange of operational experience and possible further cooperation.

### **European added value of the AAL JP**

The Panel found that the AAL JP is already delivering a clear European added value in the achieved balance between European efforts and national needs and inputs, and in the development of good practices. The current European efforts in addressing and removing barriers to the deployment of AAL solutions should, however, be strengthened as part of a joint effort with all stakeholders. The Panel strongly recommends a continuation of the AAL JP beyond FP7, as a long-term investment. The panel also recommends the European Union institutions to improve and strengthen linkages between the AAL JP and other EU-level programmes and initiatives, such as the cooperation programme of FP 7 and the Competitiveness and Innovation Programme.

The Commission agrees with these findings and recommendations. The European dimension of the programme is essential and a long-term perspective is necessary to realise the full benefits of the AAL JP. The Commission therefore intends to explore the continuation of the AAL JP beyond FP7, taking into consideration the reaction of the Council and European Parliament to the AAL JP evaluation results and recommendations.

For the longer term (beyond 2013) several options will be assessed in close consultation with the AAL JP owners. In relation to the emergence of the European Innovation Partnership on Active and Healthy Ageing such assessment should address the alignment between the AAL JP participating states and the stakeholders of the European Innovation Partnership on Active and Healthy Ageing as regards objectives, areas of work, financial and other commitments. The assessment will also address reinforced common financing of projects and joint support to programme operations for the longer term.

On the shorter term (2011-2012), the AAL JP actions can provide important contributions to the European Innovation Partnership on Active and Healthy Ageing. These include the active involvement of AAL JP stakeholders in the development of the Partnership itself (using the experience with the ownership model of the AAL JP), the dissemination of results of AAL JP projects, research-market bridging mechanisms such as the Investment Forum mentioned before, and alignment of actions to further develop cooperation with regions.

The Commission will take into account the **contributions to the European Innovation Partnership on Active and Healthy Ageing** that can be made by the AAL JP (2010-2012).

The Commission will perform an **impact assessment on options for the continuation of the AAL JP beyond FP7**, without prejudice to the preparation of FP8 and the EU Financial Perspectives and taking into account the evolution of the European Innovation Partnership on Active and Healthy Ageing (2012).



Several research and innovation initiatives exist with which synergies should be further strengthened or realised. The 7<sup>th</sup> Framework Programme's ICT advanced research programme and the ICT Policy Support Programme of the Competitiveness and Innovation Programme (CIP ICT PSP) concerned with innovation validation are upstream and downstream partner programmes to the AAL JP. Europe has a globally unique strength in ICT for ageing well with these inter-related programmes that jointly cover a significant part of the research and innovation 'chain'.

A number of Member States are preparing a Joint Programming Initiative (JPI)<sup>16</sup> on "More Years, Better Lives", addressing alignment of wide range of research disciplines (well beyond ICT and technology). The AAL JP can provide an application context for the JPI's multi-disciplinary research on ageing and feed the JPI research agenda with user experience with ICT, while sharing research methodologies such as the life course approach.

Finally, the Panel recommended that the AAL JP is given sustained political support and continued and be enhanced as part of a coherent overall approach to demographic ageing as well as to research and innovation and the actions of the Digital Agenda in this area.

The Commission will support **technology road-mapping and consultation** and provide guidance to more closely link FP7, AAL JP and CIP in ICT for ageing well (2011).

The Commission will address the potential for synergies between the AAL JP and the **Joint Programming Initiative on "More Years, Better Lives"** in a JPI Recommendation (2011).

The Commission will propose to the AAL JP to submit the **AAL Conference as a contribution to the 2012 Year of Active Ageing and Intergenerational Solidarity**, for enhanced visibility and reinforcement of commitment across a wide range of actors (2012).

The Commission will assess the **adequacy of the "Action Plan on Information and Communication Technologies and Ageing"**, as part of the Digital Agenda (2012).

## 5. CONCLUSIONS

The European Commission welcomes this AAL JP Interim Evaluation. On the one hand this provides an opportunity to reinforce the joint actions with Member States and other stakeholders in Europe to deal with the imminent demographic change through innovation and ICT, as an important element in the implementation of the Digital Agenda for Europe and the Innovation Union flagships. In this context the AAL JP interim evaluation also provides timely input to the further development of the pilot European Innovation Partnership on Active and Healthy Ageing. On the other hand this allows for drawing lessons from the functioning of this instrument based on Article 185 TFEU, as an important means to build the European Research Area.

The European Parliament and Council are invited to provide their opinion on the report and its analysis and recommendations and to support the implementation of proposed actions.

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<sup>16</sup> COM(2008) 468, towards Joint Programming in research