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COMMUNICATION FROM THE COMMISSION TO THE COUNCIL
AND THE EUROPEAN PARLIAMENT

**THE COMMUNITY'S 1995 FINANCIAL CONTRIBUTION TO THE
INTERNATIONAL ASSOCIATION FOR THE PROMOTION OF
COOPERATION WITH SCIENTISTS FROM THE
NEW INDEPENDENT STATES OF THE FORMER SOVIET UNION (INTAS)**

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1. In response to initiatives on the part of various politicians and scientists as well as the Commission, the Council of Ministers for Research, at its meeting in April 1992, asked the Commission to set up a Foundation with the aim of providing financial support for science in the new independent States (NIS) of the former Soviet Union. On 3 July 1992, the Commission decided to set up an Association which was registered under Belgian private law and officially inaugurated following the agreement of the Member States in June 1993.

The Association was set up for a period of time terminating on 31 December 1994, on which date, following an evaluation, it would have to be decided whether to extend this period. It should be noted that the European Parliament has so far not had an opportunity to express its views on INTAS.

At the meeting of the Council of Ministers for Research on 29 September 1994, a decision was adopted to the effect that the Council and the Commission, by common agreement, accepted that the pilot phase of INTAS should be extended until 31 December 1995 with appropriate funding from the Community on the 1994 basis and taking account of budgetary constraints. The Commission declared its intention to submit to the Council, by the end of 1994, a communication on the Community's future participation in INTAS and the improvement of its functioning.

By adopting a specific programme of research and technological development on 23 November 1994, the Council confirmed the extension of the pilot phase of INTAS until 31 December 1995.

2. With regard to funding, the work programme of the international cooperation programme adopted by the Commission in the light of the Committee's opinion provides, for 1995, for ECU 14.64 million for cooperation with Eastern Europe. The amount to be set aside from this for INTAS is not indicated in the programme.

By comparison, ECU 117.5 million was available in 1994 outside of the framework programme, which at the time did not include international scientific cooperation with the countries of Eastern Europe. Of these funds, two thirds have been distributed to the Central and Eastern European countries (CEEC) and one third to the NIS (including ECU 20 million for INTAS). The intergovernmental structure of INTAS included plans for additional funding to be provided by the

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INTAS member countries (the Member States of the European Union and third countries), but this has turned out to be very small (about ECU 2.7 million).

As planned for the end of the pilot phase, an independent evaluation report, drawn up by Coopers & Lybrant at the request of the INTAS, was published in September 1994. The report puts forward recommendations with regard to the strategy, the structure and the management of INTAS. It suggests that activities in 1995 be confined to consolidating the previous activities (conclusion of contracts and payments) without launching a new call for proposals.

In order to examine the merits of Community funding and in view of the underuse made of the appropriations available, the Commission instructed Ernst & Young to carry out a financial audit. The draft report has now been published and it appears that, of the 509 projects adopted for funding from the 1993 call, thirteen months later only three have led to contracts which have been duly signed. No contracts had been signed by the date of the audit for the call which closed on 8 April 1994. It was found that, in December 1994, of the ECU 46 million committed by INTAS, only ECU 4.4 million had been received by the Western coordinators and 50% of the amount had been paid to the NIS scientists (see Annex 1). This is due to the large number of small and often short contracts given to scientists in the NIS. In actual fact, INTAS has not laid down any priorities, which means that the funds were spread over all of the areas of science and technology (Annex 2). Lastly, there can be no doubt that the problem of transferring the funds to the scientists slowed down the start up of the activities.

3. In view of the questions concerning the effectiveness and the method of operation of INTAS as compared with its initial aims and pending the audit, Mr Ruberti on 27 December 1994 sent the Member States a letter in which he said that the Commission would be submitting a communication on the future of INTAS. The part played by INTAS needs to be reviewed in the context of Community policy on the Central and Eastern European countries and the new independent States.

The present question therefore now concerns the amount of funding to be allocated to INTAS in 1995, the last year of the pilot phase. This funding can only come from the ECU 14.64 million available within the A2 field of the international cooperation programme.

It should also be borne in mind that the funds given to INTAS will reduce the funds allocated to the Central and Eastern European countries at a time when a special effort has to be made to facilitate the incorporation into Community programmes of participants from these countries (in particular countries which are associated with them or with which association agreements are being concluded). Furthermore, the percentage allocated to the Central and Eastern European countries will send an important political signal to the meeting with the Ministers of Research from the Central and Eastern European countries agreed at the Essen European Summit and scheduled for 9 June 1995. Lastly, the funds allocated to INTAS (which were initially earmarked for basic research) mean that it will not

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be possible, as might have otherwise been the case, to develop large-scale projects on the environment and industrial safety.

For 1995, taking account of the fact that the budget is limited to a total of ECU 14.64 million for the Central and Eastern European countries and the NIS, the Commission representative has informed the Programme Committee that it plans to allocate ECU 2.5 million for INTAS in 1995.

A majority of the members of the Committee for the Programme on International Cooperation expressed the wish that the Commission allocate at least ECU 12 million to INTAS in 1995.

The Commission implements the budget on its own responsibility and within the limits of the appropriations allocated. However, in order to comply with the requests made by the Member States and in view of the political importance attached to INTAS to assist NIS scientists, the Commission has decided to allocate support totalling ECU 5 million to INTAS. However, this amount will only be committed if the percentage of signed contracts concerning the recommended projects will reach, at the latest on 1.9.95, a minimum of 50 % for the calls for proposals 1993 and of 25 % for the 1994 call. To this amount of 5 MECU, the amount of 3 MECU, which is still available, will be added. Up until the present, this amount has not yet been committed, as it shows the audit from Ernst & Young.

INTAS will provide the Commission with a quarterly progress report on the implementation of its calls for proposals, starting from 31.3.95.

For 1995, INTAS would therefore have funds amounting to ECU 8 million from the Community budget plus the contributions from other INTAS members. Under the budget heading for international scientific cooperation, ECU 9.6 million will be available for the Central and Eastern European countries. This breakdown constitutes a balanced solution.

4. The advisability of continuing with INTAS beyond 1995 will be the subject of a communication which the Commission will submit to the next Council meeting and to the European Parliament in the framework of an overall analysis of scientific and technical cooperation with the Central and Eastern European countries and NIS.

ANNEX I TO THE COMMUNICATION

Extract from the audit by Ernst & Young

4. PROGRESS MADE ON ONGOING PROJECTS AS AT 30 NOVEMBER 1994

	92 call	93 call	94 call
Number of proposals received	N/A	3 395	4 704
Closure of call for proposals	N/A	15/10/93	5/04/94
Number of projects recommended	51	509	459
Date of approval by Scientific Council	29/06/93	14/11/93	02/07/94
Financial support granted (in ECU)	4 480 103	21 034 300	20 834 200
Total payments made	2 312 125	2 137 160	0
Number of projects in receipt of funding (advance)	49	273	0
Number of fundings in receipt of the complete funding	0	0	0
Number of "Contract Negotiation Forms" received	all	405	40
Number of contracts sent to contractors for signature	all	51	0
Number of contracts signed	49	3	0
Number of projects returning a final report	2	0	0
Number of projects fully completed	0	0	0

The status of the ongoing projects depends on the duration of the projects and the phasing of the payments, which vary for the three calls launched by INTAS:

- a. The 51 recommended projects from the 1992 call have a duration of three years. The phasing of the payments varies according to the project requirements. As a

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general rule, an advance of 40 to 75% is paid on receipt of the signed contract. The balance is paid at the end of the project. At the end of November 1994, 49 signed contracts had been received. The last two contracts were received in December 1994. INTAS has received a final report for two of the projects, which are now being analyzed by the national experts seconded to INTAS.

- b. The 509 projects from the 1993 call have a duration of one year. An advance of 20% up to a maximum of ECU 10 000 is paid on receipt of the "Contract Negotiation Form" and the "Declaration of Advanced Payment" signed by the project coordinator and all of the Russian contractors. A further amount of 70% is paid when the contract is signed and the remaining 10% is paid at the end of the project. At the end of November 1994, only 51 contracts had been sent to the contractors for signature, of which three have been returned signed. The first advances were paid in July 1994, eight months after the date of approval of the projects by the Scientific Council.

- c. The 459 projects from the 1994 call have a duration of three years. At the end of November 1994, none had received an advance. However, the first advances were paid in December 1994.

Structure of INTAS and selection of projects

INTAS is an international non-profit-making association the purpose of which is to promote cooperation with scientists in the NIS.

The aims of INTAS include the conservation of scientific potential, the promotion of scientific research in the NIS as a key factor in social and economic progress and the consolidation of democracy in these countries together with scientific cooperation between scientists from these countries and the international community.

The rules governing INTAS allow various ways and means of achieving these aims, including research projects, grants, seminars and scientific networks.

The INTAS bodies are the General Assembly, the Secretariat and the Scientific Council. The Assembly consists of two representatives for each member and its decisions are normally taken by a two-thirds majority. Decisions concerning budgetary matters, the final selection of projects and their funding are taken by the General Assembly. The admittance of new members requires unanimity. Budgetary matters, the dissolution or continuation of the Association and amendments to its rules are decided by a majority of two-thirds of the votes and require unanimity between the founder members. Since INTAS was set up in mid-1993, the Assembly has held eight meetings, although the minimum required by the rules is only two meetings a year.

The Scientific Council consists of a maximum of 30 members, these being scientists from the member countries, the Member States and the NIS appointed by the General Assembly. It has met five times.

After selecting 54 projects on the basis of a restricted call for proposals prior to the official launching of the Association, INTAS put out two calls for proposals in 1993 and 1994.

The breakdown of the projects selected is as follows:

Scientific field	Number of selected projects	Budget (ECU million)
Physics, Astronomy, Astrophysics	214	8 394
Mathematics, Telecommunications, Information Technologies	78	3 740
Chemistry	82	4 530
Life Sciences	181	6 772

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Earth Sciences, Environment, Energy	148	7 940
Engineering Sciences, Aeronautics, Space	136	5 530
Economics, Social, Human Sciences	86	4 058
Total (ECU million)	925	40 964

The average funding for each project is ECU 44 000.



FINANCIAL STATEMENT

1. TITLE OF OPERATION

Financial contribution from the Community to the budget of the International Association for the Promotion of Cooperation with Scientists from the New Independent States of the former Soviet Union (INTAS).

2. BUDGET HEADING INVOLVED

B6-7211

International scientific cooperation.

3. LEGAL BASIS

Council Decision 94/807/EC of 23 November 1994.

4. DESCRIPTION OF OPERATION

4.1 General objective

To contribute, via INTAS, to promoting scientific and technological cooperation with the new independent States of the former Soviet Union, with a view, in particular, to stabilizing the RTD potential and providing support for scientists in these countries.

4.2 Fields covered

Scientific and technological research activities, particularly with a view to stabilizing the RTD potential, as provided for in the work programme on international cooperation. The fields covered are set out in Annex 2 to the attached communication to the Council.

4.3 Period covered

1995.

5. CLASSIFICATION OF EXPENDITURE OR REVENUE

Non-compulsory expenditure. Differentiated appropriations.

6. TYPE OF EXPENDITURE OR REVENUE

This financial contribution to the budget of INTAS will go towards scientific and technological cooperation projects between INTAS members and the new independent

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States of the former Soviet Union and towards the Association's operating costs. The other members of INTAS will bear a share of the funding.

7. FINANCIAL IMPACT

7.1 Method of calculating total cost of operation

1992: ECU 4 million
1993: ECU 22 million
1994: ECU 20 million
1995: ECU 5 million (the amount requested here)

7.2 Itemized breakdown of cost

The operation covers the operating costs and, possibly, a new call for proposals for the scientific fields selected by the INTAS General Assembly, with the agreement of the Association's Scientific Committee. The table set out below shows the breakdown between the fields chosen for the last two calls for proposals.

Scientific field	Number of proposals selected	Budget (in ECU million)
Physics, Astronomy, Astrophysics	105	4.109
Mathematics, Telecommunication, Information Technologies	39	1.870
Chemistry	41	2.265
Life Sciences	89	3.322
Earth Sciences, Environment, Energy	74	3.970
Engineering Sciences, Aeronautics, Space	68	2.765
Economics, Social, Human Sciences	43	2.029
Total	459	20.330

7.3 Indicative schedule of appropriations (in ECU million)

	1995	1996	1997	1998
commitment appropriations	5	pm	pm	pm
payment appropriations	0	5	pm	pm

Payments and commitments made by 30 November 1994 (in ECU million)

	COMMITMENTS	1992/93	1994	TOTAL
RESOURCES	Commission	26	20	46
	Member States + EFTA			4.6
	Interest on deposits		0.5	<u>0.5</u>
	Total committed			51.1
	Commitments by INTAS: to projects	25.5	20.8	46.3
	to administrative expenditure	0	1.8	1.8
	Net balance of commitment appropriations			3.1

	PAYMENTS¹	1992/93	1994	TOTAL
RESOURCES	Commission	0	18.6	18.6
	Member States + EFTA	1.2	1.9	3.1
	Interest on deposits		0.5	<u>0.5</u>
	Total for payments			22.2
USE	Payments by INTAS: to projects	2.3	2.1.1	4.4
	to administrative expenditure	²	.8	1.8
	Net INTAS cash balance			16

¹ Charged to the year of payment by INTAS.

² Borne directly by the Commission in 1993.



8. ANTI-FRAUD MEASURES

The General Assembly, on which the Commission and the Member States are represented, approves the budget for INTAS, which is decided by a two-thirds majority. Article 9(3) of the articles of association lay down the statutory fraud prevention obligations. Contracts signed between INTAS and beneficiaries must include the fraud prevention measures provided for by the financial regulations applicable in similar cases.

9. ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

9.1 Specific objectives and target population

The objective of the contribution to INTAS is to help to promote cooperation with the new independent States of the former Soviet Union in the field of research and technological development and, in particular, to stabilize the RTD potential in the countries concerned.

9.2 Grounds for the operation

The pilot phase, limited to 1995, fits into the framework for international cooperation in the field of research (Article 130i of the Treaty) with the objective of safeguarding the RTD potential, as provided for in the work programme. The majority of the Member States on the Programming Committee recommended allocating ECU 12 million to INTAS in 1995. Since a limit of ECU 14.64 million has been set for the Central and East European countries and the new independent States in 1995, the proposal is to grant ECU 5 million to INTAS. However, this commitment will not take effect until examination of the progress report and confirmation that contracts have been signed for a minimum of 50% of the projects selected from the 1993 call for proposals and 25% from the 1994 call.

9.3 Monitoring and evaluation of the operation

The activities of INTAS are evaluated regularly by the Association's General Assembly and its Scientific Committee. Coopers & Lybrand produced an evaluation report. In addition, the Commission has ordered a financial audit from Ernst & Young, which has yet to finalize its report. It will also be able to encourage inspections and checks. The Commission will submit a comprehensive analysis of the activities of INTAS in a communication to be submitted to the Council in June 1995. The objective of this communication is, therefore, to respond to the concern to consolidate the first two calls for proposals. The minimum percentages set (contracts signed on at least 50% of the proposals selected in 1993 and 25% in 1994) are the yardstick for this consolidation of the previous calls for proposals and, therefore, the *sine qua non* for the financial contribution of ECU 5 million from the Commission for the next call for proposals.

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