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

**Final evaluation of the Ambient Assisted Living Joint Programme**

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## Final evaluation of the Ambient Assisted Living Joint Programme

### 1. INTRODUCTION

The European Union has recognised that information and communication technologies (ICT) are key to addressing the challenges and opportunities presented by an ageing population. In particular, the European Commission addressed this in its *Communication Ageing Well in the Information Society* (2007)<sup>1</sup> and has made substantial financial support available for research, development and innovation in this field. The Commission reinforced the Union's commitment to make use of ICT for active and healthy ageing in its *Communication A Digital Agenda for Europe* (2010)<sup>2</sup>. The Union's participation in the Ambient Assisted Living Joint Programme (AAL JP) is a cornerstone of that commitment.

The AAL JP was set up in 2008 by 20 EU Member States and three associated countries<sup>3</sup>. The Union decided to match participating states' support with funding from the 7th Framework Programme for Research and Technological Development (FP7), based on Article 185 of the EC Treaty on the Functioning of the European Union (TFEU)<sup>4</sup>.

The AAL JP focuses on applied research and innovation of ICT-based products and services for an ageing population, with a two-to-three year time-to-market. The principal owners of the programme are the participating states, who execute it through an international non-profit AAL Association (AALA) governed by a General Assembly and supported operationally by a Central Management Unit. The Commission has observer status in the General Assembly and a veto right on the annual work programme, and is also a party to the agreements with the AALA as regards the EU's financial contribution.

The 2008 decision on the Community's financial contribution to the AAL JP provided for a final evaluation of the programme to be conducted by the end of 2013; this has been carried out by an independent high-level expert panel chaired by former European Commissioner for Research Philippe Busquin.

The panel assessed the results achieved and progress made towards the AAL JP objectives, and issued strategic and operational follow-up recommendations addressed to the Commission and the Member States.

This report analyses the key recommendations of the panel and proposes action to be taken by the Commission with other EU institutions and stakeholders, and through its role in the AAL JP.

### 2. BACKGROUND: THE CHALLENGE OF DEMOGRAPHIC AGEING

The basic data on Europe's ageing population show an imminent and significant change in society and the economy for which the EU is still not well prepared. A shortage of up to two million jobs in care and health is projected by 2020 if no action is taken, which would result

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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> Belgium, Denmark, Germany, Ireland, Greece, Spain, France, Italy, Cyprus, Luxembourg, Hungary, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Finland, Sweden and the United Kingdom (the participating Member States), together with Israel, Norway and Switzerland.

<sup>4</sup> Decision No 742/2008/EC, 9 July 2008.

in 15 % of necessary work in the general healthcare sector not being covered<sup>5</sup>. The ratio of people over 65 to working-age people (aged 15 to 64) will drop from approximately 1:4 in 2008 to 1:3 in 2020 and 1:2 in 2050, straining intergenerational solidarity<sup>6</sup>. The rising cost of ageing will have a significant impact on public finances<sup>7</sup>, but also on private wealth. People over 50 have a significant disposable income and pensioners' incomes have been rising<sup>8</sup>. On the other hand, disparities are huge, with 19 % of the EU's elderly at risk of poverty, a figure that is rising rapidly, especially in the EU-10<sup>9</sup>.

The demographic challenge can be tackled only by a coherent combination of social, economic, health, innovation and digital policies<sup>10</sup>. Acting today could secure a considerable triple win:

- better quality of life for citizens;
- more sustainable care for society; and
- new jobs and business thanks to a growing 'silver economy'.

The transformational nature of ICT allows for real innovation in the way that care for the elderly is organised, cutting red tape, making care provision more efficient and more effective, and thus allowing carers to spend more time with their clients. ICT can also help improve the working conditions and well-being of informal carers, such as family members. Lastly, it can contribute to a healthy and active lifestyle for the elderly by means of health management, adapting workplaces and enabling them to continue participating actively in the economy and society at large. A growing number of case studies show that measures in the care sector can lead to efficiency gains of 10-30%, higher levels of user satisfaction and annual business growth of over 10%<sup>11</sup>.

Demographic ageing has been identified in the Europe 2020 Strategy<sup>12</sup> as both a challenge and an opportunity for smart, sustainable and inclusive growth. The *Digital Agenda for Europe* and *Innovation Union*<sup>13</sup> flagship initiatives address it as a priority. The former focuses on ICT-enabled innovative services, products and processes, and digital solutions and AAL JP activities play an important role in the European Innovation Partnership on Active and Health Ageing (EIP-AHA).

### 3. EVALUATION PROCESS

The final evaluation covers the AAL JP six years of operation, from 2008 to 2013. In line with the expert panel's remit, it assesses:

- progress towards the programme's objectives and the recommendations from the interim evaluation;
- progress towards the programme's operational excellence and the effectiveness of the Article 185 approach in this area.

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<sup>5</sup> European Commission's preliminary own estimates based on EUROSTAT and OECD data.

<sup>6</sup> SEC(2008) 2911.

<sup>7</sup> COM(2009) 545, 17 September 2009.

<sup>8</sup> Silver Economy Network of European Regions.

<sup>9</sup> Interim EPC-SPC Joint Report on Pensions, 28 May 2010.

<sup>10</sup> COM(2006) 571, COM(2009) 180, 2009 Ageing Report — European Economy series.

<sup>11</sup> European Commission ex-ante impact assessment of the proposed Active and Assisted Living Joint Programme, SWD/2013/0251, 9 November 2012.

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=SWD:2013:0251:FIN:EN:PDF>.

<sup>12</sup> COM(2010) 2020, 3 March 2010.

<sup>13</sup> COM(2010) 1161, 6 October 2010.

In addition, it makes recommendations for possible follow-up to the AAL JP under Horizon 2020.

The panel was composed so as to ensure a good understanding of technology, health economics and user needs, experience in programme evaluation, and continuity with the panel in charge of the interim evaluation.

The panel's findings were based on analysis of extensive background documentation, including the interim evaluation report, case studies, statistical information about the AAL JP and some 20 interviews with stakeholders. The evaluation was conducted between May 2013 and September 2013, and the final report<sup>14</sup> was issued in October 2013.

The evaluation ran in parallel with the drafting of the Commission proposal on follow-up to the AAL JP with financial support from Horizon 2020 and the preliminary findings were used in the preparation of the final proposal.

#### **4. EVALUATION RESULTS AND RECOMMENDATIONS**

The final evaluation report confirms the high added value and major achievements of the AAL JP. In particular, the panel concludes that:

- (1) the AAL JP has made good progress towards its objectives and responded well to the recommendations in the Kuneva Panel's interim evaluation in 2010;
- (2) the growing importance of demographic ageing, which is a shared and urgent challenge across Europe, clearly justifies the existence of the AAL JP;
- (3) the AAL JP operates as a coherent framework delivering clear added value for Europe;
- (4) associated research, development and innovation activity is reaching critical mass;
- (5) activities aimed at improving conditions for industrial exploitation have expanded significantly since the interim evaluation;
- (6) the programme is well managed and has well-functioning governance arrangements; and
- (7) progress under the programme is encouraging, although large-scale social and economic impacts have yet to emerge.

The panel further acknowledged some important achievements and early results considered to be promising indicators of high overall impact, including:

- good participation by SMEs (over 40 %);
- estimated own investment of over €325 million from industry participants (predominantly SMEs), leveraged by joint investment of €150 million from the EU and €220 million from the participating countries;
- the launch of some 130 projects so far, with good end-user involvement;
- the fact that nearly 50% of the projects under the first two calls have already secured intellectual property rights in respect of their results; 25% have secured financing to market new ICT products and services, e.g. alarm systems, remote monitoring, robotic systems, communication tools and game-based training for the elderly;
- the existence of a number of commercial products and services originating directly from the first AAL JP projects; and

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<sup>14</sup> <https://ec.europa.eu/digital-agenda/en/news/second-interim-evaluation-artemis-and-eniac-joint-technology-initiatives>.

- the creation of a new innovation ‘ecosystem’, highlighted by the five AAL forums which have been organised on annual basis since 2009, with attendance growing from 500 to 1 200, in parallel with growing numbers of exhibitors, commercial sponsors and active media partners.

The Panel made a number of recommendations where further improvements would be possible, including issues arising from the Interim Evaluation, such as further involvement of end-users, more service and social innovation orientation, further attention to business models and planning, better exchange of lessons learned and reinforcing the role of Central Management Unit.

The panel also welcomed the Commission’s proposal for follow-up to the AAL JP under Horizon 2020 and makes recommendations as regards its launch and implementation for maximising overall impact. A detailed list of the panel’s recommendations is given in the annex.

The Commission's response to the recommendations from the Panel is outlined below.

#### 4.1. **General observations**

The Commission welcomes the final evaluation report. The recommendations are based on clear and critical analysis. The Commission will work with Participating States and other stakeholders to address the recommendations as set out below.

In particular, the Commission will undertake actions for proposing and subsequently implementing the legal framework of the proposed follow-up Active and Assisted Living Joint Programme.

The Commission acknowledges the value of the partnership with Member States pursuant to Article 185 TFEU, including the clear commitments taken to ensure that the AAL JP delivers early promising results. Despite a difficult start in a ‘green field’ situation, the AAL JP has clearly demonstrated its relevance and has met or exceeded its initial objectives. A new constituency has been created, representing the chain of user organisations, industry (with more than 40% SMEs), service providers, investors and research organisations. Over 130 projects have been funded, representing EU investment of €150 million, complemented by strong investment of more than €220 million from participating states and leveraging estimated co-financing of over €250 million from programme participants. The participating states’ contribution is remarkable, as it exceeds their legally required commitment by nearly 50%.

In operational terms, the AAL JP has improved considerably since the interim evaluation, although further improvement is possible – and indeed necessary to keep the programme relevant, in particular for SMEs, who require flexibility in terms of the content of interventions and contracting/payment deadlines.

#### 4.2. **Recommendations to the Member States**

The Commission agrees with the panel’s recommendation that efforts be made to further improve the AAL JP’s operational performance as a critical success factor now that it is running at ‘cruising speed’ and has attracted a large group of stakeholders. Procedures and governance roles should be reviewed critically to identify possible bottlenecks and areas for streamlining and improvement. In this connection, the Commission has **already requested in its proposal for the AAL JP** that participating states should establish common binding time-to-contract and time-to-payment targets.

The Commission concurs with the recommendations on gearing future calls for proposals to socio-economic challenges, deploying more agile instruments and collaborative projects reflecting future market dynamics and developments in the area covered by the programme.

The Commission has already considered these aspects in the Horizon 2020 context and its AAL JP follow-up proposal includes the option of using additional instruments such as prizes and innovation grants to enable rapid intervention where appropriate.

The Commission also agrees with the recommendation that the programme be further oriented to exploitation and the suggestion that stronger metrics and systematic follow-up be applied to give a clearer view of project impact to guide future implementation. Such metrics will be provided for in future agreements between the Commission and the AALA.

The panel also recommends that, beyond good quantitative user participation, the *quality* of participation (by users and demand-side actors such as service providers and insurance companies) should also be improved in the follow-up programme to ensure that it is spread over a broader geographical area and maintained throughout the project lifecycle.

The Commission shares this view and has introduced a requirement that participating states should aim to support participation from user and demand-side organisations under national AAL JP funding programmes.

The Commission also agrees with the panel's recommendation that the communication and community-building activities that are such a key asset of the programme should be further enhanced. This will be reflected in future support measures and in the AALA's mandate.

The above recommendations are also addressed in the proposal to extend the scope of AAL JP2 to active and healthy ageing and the planned (and existing) close liaison between the AAL and related EIP AHA communities.

#### 4.3. **Recommendations to the Commission**

It is recommended that the Commission help strengthen further the coherence and synergies between research, innovation and uptake activities relating to ICT for active and healthy ageing. This is a welcome recommendation and several steps have already been taken in this direction.

The proposal for the Horizon 2020 research and innovation framework programme already sees AAL JP2 as complementary to longer-term R&D work and innovation pilot projects under Societal Challenge 1 (Health, Demographic Change and Wellbeing). Under Horizon 2020, the AAL JP will address market-oriented research and innovation and aim to translate upstream research results into ICT-based products and services emerging on the market in response to users' needs. In turn, it will be complemented by the More Years, Better Lives joint programming initiative, which will focus on new multi-disciplinary research on demographic change in response to policy needs.

The Commission will also ensure complementarity with the European Institute of Technology's planned knowledge and innovation community on healthy ageing.

Lastly, the EIP-AHA has established key priorities for innovation and will address a number of the obstacles to bringing innovative solutions for active and healthy

ageing to the market faster and on the right scale. Strong synergies will be created with the widening of the scope of AAL JP in line with that of the EIP-AHA.

## **5. CONCLUSIONS**

The Commission welcomes the AAL JP final evaluation report, which documents the positive impact of joining EU and participating states' forces. Lessons from the report's findings and recommendations should lead to the AAL JP follow-up under Horizon 2020 having an even bigger impact and to more effective synergies among a range of related initiatives at EU and national levels. All Member States should therefore consider participating in AAL2 which would enhance European integration in this field even further.

The AAL JP is a good example of the Europe 2020 strategy in action, with ICT and innovation in its widest sense helping Europe tackle a major societal challenge, and at the same time generating significant new growth opportunities for industry and much-needed jobs.

The European Parliament and Council are invited to give their opinion on the report's analysis and recommendations, and to support the implementation of the proposed action.