

16 January 2014

## Recommendation for financing universities and research until 2020

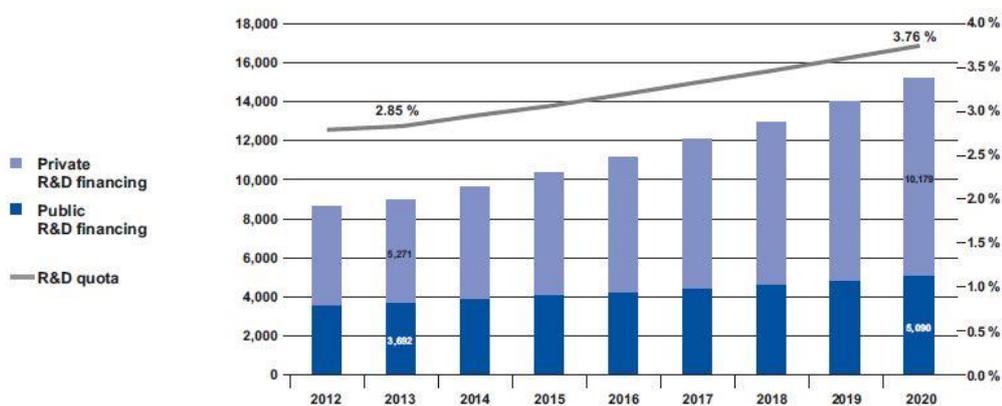
### Background

An important step in the improvement of science and research framework conditions in Austria was already taken with the implementation of the Austrian Government's strategy for research, technology and innovation in 2011. One objective defined here was the achievement of an R&D rate of 3.76 percent (in percentage of GDP). In its 2013-2018 government programme, the Austrian Government has once again specified science and research as basic pillars in Austria's general nationwide development. The setting of specific budgetary measures to achieve the 2-percent rate (in percentage of GDP) for tertiary education institutions by 2020 has been announced as an objective of the government programme.

**Additional financing requirement with public financing to achieve R&D spending target of 3.76 percent of GDP amounts to over EUR two billion by 2018.**

Even before the current government was formed in October 2013, the calculation of possible paths towards the research quota targets by 2020 was published by WIFO (Austrian Institute of Economic Research) on behalf of the Council. While the study reveals that the development trend of the R&D quota does show an increase in spending for science and research, the required increases to achieve the 3.76 percent target, however, cannot be met.

**Figure 1:** Financing path to achieve R&D quota target of 3.76 percent in 2020 (in EUR m).



Source: WIFO, research quota targets 2020

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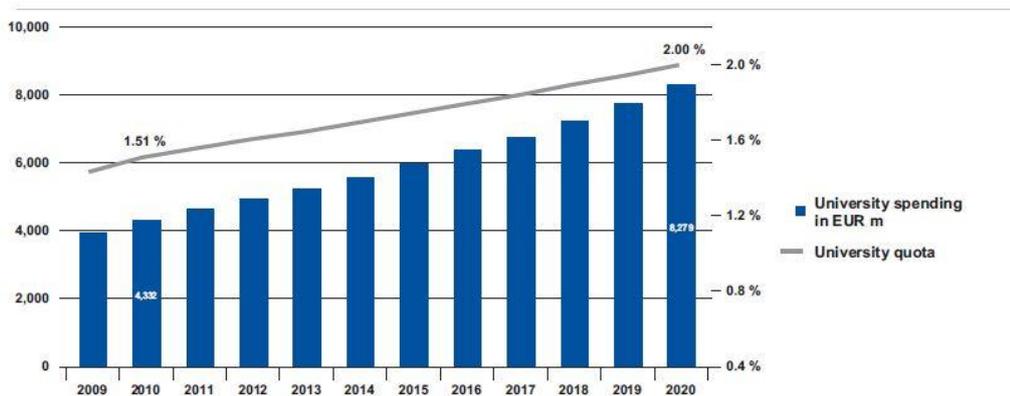
The WIFO study specifically shows that, to achieve the quota target, a sharp increase in public financing from 2013 to 2020 would be required (see graphic 1). Based on 2013, the accumulated additional funding requirement with public financing by 2018 is more than EUR two billion.<sup>1</sup>

### EUR 400 million increase per year required to achieve the target of “2 percent of GDP for the tertiary sector by 2020”

If the target of laying out 2 percent of GDP for the tertiary sector is to be achieved by 2020, the funding for the areas of universities, basic research and applied research must be increased significantly.

To achieve the 2 percent target, spending would have to increase from 1.51 percent of GDP or EUR 4.3 billion in 2010 to EUR 8.3 billion in 2020 (see graphic 2). As the public sector financing share in the tertiary sector outweighs that of the private sector, the required increases must primarily be provided by the public sector. Annual additional spending averaging approx. EUR 400 million over the remaining period would be required to achieve the 2 percent target. As appropriate increases are not included in the federal financing framework, achieving the target is improbable, therefore the acute requirement for action.

**Figure 2:** Spending for the 2 percent target for the tertiary sector in 2020 in EUR m



Source: WIFO, research quota targets 2020

## Recommendation

The Council recommends the announced and necessary measures for financing the tertiary sector and public sector R&D total spending be implemented immediately. This is especially true because sustainable growth for science and research will only be guaranteed with a continuous increase in spending.

<sup>1</sup> This calculation depends on a series of assumptions, among others: The R&D quota grows at a constant growth rate; percentage target 33.33% public financing, 66.67% private financing in 2020; federal government share including research premium in public financing constant at 81%; research premium carried forward from 2014 with 10% of private financing in year t-1.