

Speech by Commissioner Danuta Hübner

"Comments on the EREF Recommendations "

**at the European Regional Economic Forum (EREF) 2008
conference on**

**"PPP and private funding of RTD, innovation and education
activities at the regional level"**

6 June 2008, Nova Gorica, Slovenia

Minister Žagar, Ladies and Gentlemen,

Thank you for the presentation of these very interesting recommendations and for giving me an opportunity to comment on them.

I outlined the policy approach of Cohesion Policy to research and innovation related matters this morning. Maybe some of my remarks will be food for some thought and feed into your forthcoming final set of recommendations.

1. I fully agree with your recommendation on a more **strategic integrated planning in a longer time perspective**. We did this in Cohesion Policy for the period 2007-13. We developed Cohesion Policy jointly with the Member States and regions, from a strategic level in the EU (the Cohesion Policy Strategic Guidelines) and in the Member States (the National Strategic Reference Frameworks) to the operational details of our policy implementation (the operational programmes).

And as a result, we have an inclusive and pro-active system of programme design and actions integrating local/regional/national priorities into our European strategy. As a result we achieve coherence between programmes. Additionally, this integrated and strategic approach is strengthened by the **partnership principle**. All relevant stakeholders related to business, research, innovation, including social partners and public authorities are represented in the committees that steer the implementation of the operational programmes. Through this structure, we put the necessary tools in place to open the possibilities for tailoring programmes and their implementation to the needs of the regional stakeholders while respecting our overall strategic objectives.

2. I also agree with the emphasis you put on the issue of **internationalisation**, both of regions and of SMEs. This emphasis is indeed needed in a rapidly globalising world economy. The design and the delivery of Cohesion Policy already responded to this new environment. Cohesion Policy can help in two ways: First via increased cross-border cooperation and second by helping firms, in particular SMEs, to benefit from the opportunities offered by globalisation. Cohesion policy encourages regions to develop their "unique selling point" in an international context and ultimately aims to make SMEs fit for globalisation, not least by helping them to plug into global supply chains. The establishment of cross-border cooperation networks between SMEs, other businesses - big and small, universities, educational institutions, etc. is a specific contribution to plug them into those supply chains.

3. The issue of **energy** and the acknowledgement that we need to invest more in new energy technologies has become central to the European policy agenda already long before the energy prices started to soar. Eco-technology is still a small proportion of GDP but Europe has a strong position in that industry. I therefore **welcome** that you specifically address this issue in your recommendations.

I am particularly pleased to see that you identified the CENIT and PROFIT programmes in Spain, which both receive Cohesion Policy co-funding, as good practice examples for the involvement of private companies in energy research.

4. The recommendations that you address to national and regional policy makers on how to design policy measures in support of **science and technology parks** (STP) and **research intensive clusters** (RIC) go along the lines of what we have already put into our operational

programmes. This includes the recognition that they will only bear fruit in terms of impacts on regional economic performance through local knowledge spill-overs, technology start-ups and other multiplicative effects, if they are anchored in a **comprehensive development / innovation strategy** and if they were designed in cooperation with the potential users, beneficiaries and investors (enterprises, research institutes, education centres, banks etc.) and on the basis of a solid SWOT assessment. What we need are world-class clusters - and in Europe we have a great variety of cultures which enriches and diversifies clusters with a thus large learning potential.

The construction and development of science and technology parks will therefore receive some €5.6 billion under the new Cohesion Policy programmes.

With regard to your recommendation on **better targeting the allocation of EU funding** to the individual science and technology park, let me say that it is highly relevant for national and regional bodies, **not only for the EU level**. As regards the ERDF funding, such decisions are taken at regional or national level.

Let me also add that there is a need to **focus on industry and the private sector**. Most of your recommendations on "*PPP in research priority setting – particular emphasis on energy*" are addressed to EU or national and regional authorities, rather few are targeting universities and industry. We all agree that the private sector - businesses, research centres - is a key player in this "renewal" of Europe.

For example, the European renewable energy sector has an annual turnover of €20 billion and provides jobs to 300.000 people while meeting

approximately 8.5% of Europe's energy needs. In particular in a market with such a high-growth perspective as the innovative / renewable energy market (*The European Council in March 2007 set a binding target of a 20% share of EU energy consumption for renewable energy by 2020*), the role of business to invest in R&D will be essential.

Also the important **role of business organisations**, in particular those representing SMEs, should not be overlooked. Firstly, as they are a key element in proactively channelling and voicing the particular needs of SMEs, secondly – which is not less important - as they are valuable facilitators of SME's access to funding possibilities, including for research.

2. On "*benchmarking system for regional/national internationalisation performance*", benchmarking I would say that it should be integrated into a wider monitoring and reporting exercise, e.g. the Lisbon process.

And as a final point: I am less sceptical than you about the difficulties of seizing opportunities for synergies among the different EU support programmes for technology parks and cluster initiatives.

It is true that in the new funding period the **financing of the same expenditure from different EU programmes has been ruled out**. You cannot co-fund one part of the EU budget with another!

Let me also recall in this context that our past experience was not convincing. As a matter of fact, not much use was made in 2000-2006 of the "bonus system" from Structural Funds to projects under the 6th Research Framework Programme. [The process of awarding Structural Fund top-ups to FP6 projects could only start once the FP6 project had been

fully evaluated and received the funding contract. This meant that the Structural Fund supplements came into play at a relatively late stage of the research project, which made the scheme not very efficient.]

The concept of combining the **Cohesion Policy funding and FP7 money in a sequential way**, e.g. by supporting infrastructure investments through the ERDF to bring the regional centres up to scientific excellence and thus to become competitive in the award of FP grants, proved to be more successful. A typical example is the Potsdam Institute for Climate Impact Research (Brandenburg, Germany). Its renovation and extension for the new high-performance computer was financed by the ERDF in 1998-2001. The institute is now highly competitive in the FP and is / was the project coordinator of more than 10 FP6 projects.

There are many good examples on how FP7 and Cohesion Policy funding can be combined in a strategic sequential way. To highlight those examples, the **2009 RegioStars Award** will include a category for projects that have successfully combined EU funding from ERDF and other programmes. In case you are interested in putting forward a case, you are aware of, please note that the deadline for applications is the 15th of July.

On combining the funding opportunities offered through EU funding programmes and on coordination between them I will show you in a minute what we have done to help in this respect.

First, let me recall, though, that the 7th Research Framework Programme (FP7), the Competitiveness and Innovation Programme (CIP) and the Cohesion Policy Regulations were designed as a complementary package, as I said earlier. They each serve to implement the Lisbon

objectives, but according to their specific principles, objectives and methods. In my view this package reflects synergies in the design of policies and instruments. However the synergies in practice have to be realised by the stakeholders in the MS, regions and municipalities. And this is of course quite a challenge.

To help overcome the barriers to realising these synergies our services, Mr Potočnik's, Mr Verheugen's and mine, have developed a **practical guide to EU funding for research and innovation** that offers help to find one's way through the maze of EU funding programmes. The guide is written in a non-technical language and targets mainly entrepreneurs and researchers who are looking for EU funding for their research or innovation related ideas. It guides them in 6 very simple steps

- Who are you?
- Where are you located?
- What precisely do you want to do?
- What type of funding do you look for?
- Will you work alone or together with partners from other EU countries?
- What is your timeframe?

through the different options under FP7, CIP and the Cohesion Policy funding instruments to facilitate decisions under which programme they could apply for funding.

The guide is also addressed to national and regional R&D and innovation programme managers. The draft of the guide went through a public consultation and is currently being revised. It will then be translated and later this year converted into an interactive web-tool.

From then on, the ball is in your court:

In order to make the different funding modalities and conditions known to the public and to make the best out of the possibilities for synergies, Managing Authorities and national Ministries of Research or Enterprise or Innovation etc. should put a **link to the guide in their web-sites** on research and innovation funding. They should complement it with **detailed information on each individual operational programme** available in their region and country – and of course also present in a similarly user-friendly way their **own different national and regional funding opportunities for R&D**.

And I count on all of you to make this great new instrument as widely known as possible.

Before I close, let me also admit that communication has not been one of our greatest strengths in Cohesion Policy. For this reason we are now putting a lot of emphasis on communicating better what we are doing. To this end we had very concrete negotiations with the Member States and regions on the **communication plans** for their operational programmes.

To sum up: What we need to do in order to respond efficiently to the citizens' concerns in terms of multiple funding sources and coherence between them, is to **smoothen the information flow inside the Member States** between the different government levels and thematic departments.

As regards the Commission, there is a number of recommendations that **I will take back to Brussels** to explore – in particular together with my

colleagues Janez Potočnik and Günther Verheugen - how to concretely follow them up.

Thank you for your attention.