

Keynote speech by Prof. Danuta Hübner
Commissioner for Regional Policy
Towards third generation of regional innovation policy
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Ladies and Gentlemen

Let me start by thanking Mr Angelakas for his initiative which provides a perfect occasion to debate issues of highest importance to the European economy with so many distinguished speakers.

It is true that over the last years we have conducted many debates in Europe on 'Innovation, Research and Development', but innovation is a living phenomenon. Responsibilities of decision-makers at all levels of governance in making innovation happen and contribute to the well-being of us all must also evolve.

Today it is crucial to understand how to make innovation happen at the regional and local levels. What mechanisms are needed? Is there a solution? Can learning from others help to bring the best results? That is why getting together representatives of local, regional, national and European governance bodies, experts from universities and institutions representing business makes this event a very useful platform.

We are living a period of great uncertainty. This conference allows us to look at the role of innovation in the time of crisis. Cohesion policy is actively engaged in this debate and is providing Member States and regions with increased support.

To come out of this crisis with an economy capable to compete effectively in global markets we must the right balance between public support to maintain existing jobs and creating new ones, greener, sustainable in longer term, based on innovation.

We say that we are moving today towards third generation innovation.

In December 2008 European Council asked the Commission to develop a European Plan for Innovation and this work is currently ongoing in the Commission.

Innovation involves today several policies at Community level. We are moving away from the approach which focused on a linear process of development, beginning with laboratory science moving through successive stages up to the inclusion of knowledge in commercial applications. The future oriented policy is building on the approach of its second generation which recognised the complexity of innovation systems, including national, regional, local and sectoral dimensions, with many feedback loops between the different “stages” of the process.

In this 'third generation' approach, innovation is not any more a linear process that starts with research, eventually leading to development, translated later into growth in the most advanced territories. Today innovation is a product of a policy mix, a process including different partners and in which the territories, cities and their specificities and conditions are paramount.

You know even from looking at your own regions that innovation is rarely a sectoral phenomenon. It involves also more than just efforts to increase spending on R&D, support to SMEs, or support to high-tech activities. It focuses on developing integrated systems based on characteristics and specificities of the different territories. With this approach networks of institutions and stakeholders emerge, and space for them must be developed to carry on constructive dialogue as well as effective channels for their involvement in the decision-making process.

Old recipes do not work in situations where innovation goes across many policy areas. Innovation is no longer the responsibility of a few enlightened decision-makers, experts on high-tech sectors or the ambition of a few high developed regions. Every region can identify its own niche and join networks.

Today we see it also clearly that innovation is an essential part of the answer in addressing the main challenges facing European regions. Environmental issues, tackling poverty, health challenges, ageing population are all well known current

concerns. Fostering new approaches to multi-level governance and getting stakeholders in the decision-making process, by organising efficient structures to guide innovation, is the key to tackle these challenges. And this is what European regional policy is doing in the area of innovation.

The third generation of innovation policy provides a more robust framework for the design of regional development policies. Regional policy is well adapted to support this type of innovation.

Last reports of the European Commission¹ show that in recent years we have witnessed the decrease of the innovation gap between Europe, the United States and Japan.

They also show that the range of actors involved in innovation in Europe and their interactions are intensifying, with more and better national and regional strategies.

The role of the public sector as an actor in the innovation process is also changing. Public administrations at regional and national level are modernising and providing more effective services aiming at social needs, climate change and resource productivity, increasingly include societal needs and user-driven approaches, increasingly based on knowledge and innovation.

Regional policy has been supporting these processes and has helped to create the conditions that make innovation happen in both more and less developed economies.

But, even more importantly, is that the analysis shows that the lower performing Member States are improving fastest in their innovation performance. The countries that are catching-up rely heavily on leverage from the structural funds and on their governance bodies, such as the Managing Authorities, which are often the catalysts to start innovation systems.

¹ European Innovation Scoreboard and Inno-Policy Trendchart – European Innovation Scoreboard 2008 – Comparative Analysis of Innovation Performance and 'European Innovation Progress Report 2008'.

And I would like to use two projects that have been developed in Greece which are a good example of how countries can catch-up the ladder to innovation.

I was impressed when I visited the Patra's Scientific Parc (PSP) in Western Greece which was started through the Operational Programme Competitiveness in the period 2000-2006. This pole of innovation aims at reinforcing the bonds between Research Institutions and businesses in the region. One of its organisations, the 'Institute of Chemical Engineering and High Temperature Processes' (ICE-HT), runs about 60 RTD projects with a global dimension linking local enterprises and universities with partners in many other European regions and also in the US and Japan.

In European Regional Policy we have also consistently said that spreading ICT technologies and services to businesses and citizens is a priority to develop and grow. Supporting this goal the ERDF has contributed to the 'Development of a broadband infrastructure for local access networks' - a major project that the Commission approved in March 2006 to provide broadband infrastructure to businesses and citizens outside the Athens and Thessaloniki. This is an asset that if dynamically used by local authorities will no doubt contribute to the competitiveness of the region.

Finding the right policy-mix

But if we want to move faster with innovation as a major force of change it is also necessary that at all levels of governance we look carefully at our policies to see what policy mix is needed. One of the most important components of a sound innovation policy is its constant self-evaluation and adjustment.

When we look at EU Member States from the point of view of their innovation performance, Greece fits within the group of countries called 'moderate innovators'. This means that Greece today is below the EU innovation performance average. The countries with better scores are the innovation leaders. The bottom group are the catching-up countries. And though Greece is

improving its position some signs indicate that it is also facing some bottle-necks that have to be addressed. Many reports point out that firms in Greece are not participating as much as needed in innovation processes. Private investment in SMEs for research and innovation has been stagnating.

So, we are in a situation when market mechanisms are unable to secure from private sources long-term investments, key to the innovative process, we have to reevaluate the policy-mix we are using and find new combinations of policy instruments.

It is not enough to rush to point the finger at the business sector. We need to check if the institutions and processes are facilitating innovation and creating avenues for knowledge sharing and diffusion.

Greece is not the only European example of this challenge. As this situation affects many territories, in regional policy we have developed a new initiative based on networking, Regions for Economic Change, to enable and test the rapid dissemination of innovative ideas into regional policy programmes.

I am glad to announce that within this initiative, we have currently two regional Networks, ERIK ACTION (Upgrading the innovation capacity of existing firms) and RAPIDE (Regional Action Plans for Innovation Development and Enterprise) which involve two Greek regions, the Western Region and the Western Macedonia.

Last week in Brussels, we held our annual Conference of this Initiative focusing this time on 'Networking for results'.

In the Workshop that presented the progress of RAPIDE the Patras project I described above is already being used as a 'producer of relevant ideas' that are being picked-up by the other regions. Furthermore Greek regions were also present in the RegioStars Awards 2009, and their achievements recognised.

Corralia, in the Attiki region, was rewarded as one of the finalists in the category 'Research, Technological Development and Innovation'. In the award ceremony that I presided, Job Cohen, the Mayor of Amsterdam and Chair of the RegioStars 2009 Jury said that the jurors had a much harder time than expected to select

and pick up finalists and winners due to the quantity and quality of the candidates.

Started relatively recently, in May 2006, Corallia the Hellenic Technology Clusters Initiative is a thriving microelectronics cluster, which is showing impressive early results. Over the last 2 years, participating companies have increased their revenues (60%) and exports (110%), while jobs almost doubled (93%) and the number of patents filed is 138% higher.

So, let me emphasize that imagination and creativity is clearly not lacking in Greece. Aside from Corallia's nomination, Greece has won a RegioStars prize award, in the category 'Radio or television spot' with an audiovisual entry "Do you know about...ESPA?", informing viewers about the National Strategic Reference Framework.

Keeping our priorities right

As I said in my introduction, in this period of great uncertainty and economic downturn it is of great importance for all levels of European governance to help restore confidence in the economy, to get European economies out of the crisis strengthened, and more competitive globally.

Europe, Member States, regions and municipalities, academic institutions and businesses - we all have to do our best in those efforts towards recovery.

European regional policy provides good policy framework and guarantees stable stream of funding till 2015. We have good programmes, with right priorities where investment in people, in businesses, in innovation is high on the agenda. We have introduced many innovations into the regulatory framework for the policy to make it simpler, faster, more effective and better fitting the innovation challenge.

Regions must take the innovation challenge even more seriously now, in the time of crisis, than before. Greek SMEs need their support in order to generate more networks, to reach out to international networks, to plug in more efficiently into global markets. The less innovative we are today, the more we must invest in innovation potential. This investment will pay.

Thank you.