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#### **REGIONS DELIVERING INNOVATION THROUGH COHESION POLICY**

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#### **1. INTRODUCTION**

The key challenges posed by the globalised economy such as increased economic competition, the need for lifelong education or access to energy make it necessary for Europe to find new ways to provide responses to these trends. Europe needs to become more inventive, to react quickly to changing market conditions and consumer preferences, to become an innovation-friendly society. The central importance of innovation in improving the performance of the European economy has been recognised since the original launch of the Lisbon agenda in 2000. However, the analysis of the results of the Lisbon process in 2004 concluded that, though the ideas and goals were still appropriate, significant progress had not been made due to lack of ownership, commitment and investment by the different partners in the Member States and regions.

In February 2005, the Commission proposed a new Partnership for Growth and Jobs to the European Council of March 2005. The Council confirmed its objectives and underlined the need to re-launch the Lisbon Strategy. This renewed effort requires that "the Union must mobilise all appropriate national and Community resources – including cohesion policy"<sup>1</sup>. This led to the promotion of innovation as a central feature in the Lisbon National Reform Programmes and as a main priority for the new Cohesion policy programmes for 2007-2013.

The response to the challenge of increasing the focus on innovation is reflected in the development of a mix of financial instruments, such as the 7<sup>th</sup> Framework Programme<sup>2</sup>, the Competitiveness and Innovation Framework Programme<sup>3</sup> and a number of initiatives such as Europe INNOVA<sup>4</sup> and PRO Inno<sup>5</sup>.

EU cohesion policy for the period 2007-2013 addressed this issue through the legislative package<sup>6</sup> governing cohesion policy as follows:

- A focussing of the scope of the European Regional Development Fund (ERDF) and of the European Social Fund (ESF) on investment directly relevant to innovation. In addition, the mainstreaming of innovative activities is called for by both funds.
- The Community strategic guidelines on cohesion policy (2007-2013)<sup>7</sup>, adopted by the Council, stress that to promote sustainable development and strengthen competitiveness it is essential to concentrate resources on research and innovation (RTDI), entrepreneurship, information society and training and adaptability of workers.

Strengthening the role of Cohesion policy in promoting innovation has clear advantages. In addition to the financial resources available to support innovation, cohesion policy promotes an integrated approach to development and partnership amongst different actors (national and regional/local authorities, business, universities, etc.) which is a key element in fostering innovation throughout Europe's regions.

<sup>&</sup>lt;sup>1</sup> Presidency conclusions, European Council, March 2005.

<sup>&</sup>lt;sup>2</sup> http://cordis.europa.eu/fp7/home\_en.html

<sup>&</sup>lt;sup>3</sup> <u>http://ec.europa.eu/cip/index\_en.htm</u>

<sup>&</sup>lt;sup>4</sup> <u>http://www.proinno-europe.eu/index.cfm?fuseaction=page.home</u>

<sup>&</sup>lt;sup>5</sup> <u>http://www.proinno-europe.eu/index.cfm?fuseaction=page.home</u>

<sup>&</sup>lt;sup>6</sup> <u>http://ec.europa.eu/regional\_policy/sources/docoffic/official/regulation/newregl0713\_en.htm</u>

http://ec.europa.eu/regional\_policy/sources/docoffic/2007/osc/index\_en.htm

In its Communication "*Putting knowledge into practice: A broad-based innovation strategy for the EU*" of September 2006<sup>8</sup>, the Commission called for a more integrated approach covering the supply and demand sides of innovation, identified new areas of action and highlighted the need to 'foster regional innovation through Cohesion policy' for the period 2007-2013.

The Council's conclusions in response to that Communication, confirmed this broad-based strategy and highlighted in particular the need to reinforce innovation in Europe's regions, stressing that "programmes financed by the Structural Funds should be more effectively oriented to support research and innovation"<sup>9</sup>. The European Parliament has also called for a significant proportion of funding from the Structural Funds to be invested in knowledge, innovation and training<sup>10</sup>. Finally, the Presidency conclusions following the Informal meeting of regional policy ministers on 21 November 2006 requested that the Commission provide further analysis of innovation measures in the light of the outcome of the negotiations on the Operational Programmes.

In order to achieve better use of European research, innovation and cohesion funding the Commission published in August 2007 a Communication<sup>11</sup> that offers guidance to national and regional authorities on how to interlink Cohesion Policy programmes with innovation and research funding under the Seventh Research Framework Programme<sup>12</sup> and the Competitiveness and Innovation Programme. While proposing a number of ways in which the Commission will work to enable the various sources of funds to be used in the most effective way, it clearly calls upon Member States and the regions themselves to fully exploit synergies between funds that different European policies put at their disposal.

The objective of this paper is to provide an analysis of how innovation has become a central feature in the 2007-2013 cohesion policy programmes.

This analysis describes innovation encompassing four groups of spending categories, i.e. RTDI, entrepreneurship, innovative ICT and human resources, which are crucial and directly linked to innovation economic processes. In particular it provides a first assessment of the volume of the EU resources and the central elements of innovation strategies included in the operational programmes co-financed by these Funds as submitted by the Member States to the Commission.

<sup>&</sup>lt;sup>8</sup> (COM (2006) 502) of 13 September 2006.

<sup>9</sup> Conclusions of Competitiveness Concil of 4 December 2006

http://www.consilium.europa.eu/uedocs/cms\_Data/docs/pressdata/en/intm/91989.pdf.

<sup>&</sup>lt;sup>10</sup> European Parliament resolution of 24 May 2007 on putting knowledge into practice: a broad-based innovation strategy for Europe (2006/2274(INI))

<sup>&</sup>lt;sup>11</sup> <u>Communication from the Commission - Competitive European Regions through Research and</u> <u>Innovation - A contribution to more growth and more and better jobs {SEC(2007)1045}/</u> <u>COM/2007/0474 final</u>

<sup>&</sup>lt;sup>12</sup> The Sixth Research Framework Programme financed projects on innovation and its role in regional development under Priority 7, Citizens and Governance in a Knowledge-based Society". Further information on these projects can be found at <u>http://cordis.europa.eu/citizens/projects.htm</u>

#### 2. COHESION POLICY: AN ENDURING FOCUS ON INNOVATION

#### 2.1. Innovation and Cohesion policy

Reducing the innovation deficit in European regions is a key task for the new cohesion policy. The 4th Cohesion report<sup>13</sup> identifies a large number of regions with an innovative performance level below the EU average, with at the bottom of the scale regions in Greece, Spain, Portugal, the Czech Republic and Poland. While regional level data for Romania and Bulgaria is not available, it is estimated that in light of the relative situation of these countries in this field, approximately half of the regions of EU27 show a large gap in innovation performance. At the same time other European regions, particularly in Sweden, Germany and Finland, have higher levels of innovation than the United States or Japan.

Cohesion policy concentrates its financial support on the poorer regions that are usually included in the group of regions with lower levels of innovation. Therefore significant amounts of Structural Funds in proportion to their own resources will be available for the purpose of supporting innovation. This shall bring a considerable impact which can be further enhanced if an increased exchange of practices and cooperation among more and less innovative regions is facilitated by the Commission and the national and regional authorities. Both the transfer of innovative experience and financial support are crucial for regions to meet the globalisation challenge.

Mainstream cohesion policy funding has assisted a range of innovation interventions in the past. Some examples are<sup>14</sup>:

- The "Programmes in Advanced Technologies" (Ireland), fostering technology transfer between university research departments and private enterprise;
- The creation of the Charleroi Biopole in Hainault (Belgium) focusing on the creation of commercially applicable knowledge in the area of biotechnology, a region formerly known for its heavy industry;
- The creation of a highly successful incubator for digital technologies in the deprived urban area of Merseyside in the UK;
- In Sicily support to the work of a group of dynamic young researchers and engineers from local universities contributed to making the area of Catania a centre of excellence in the field of digital image processing;
- The development of the Aviation Valley in the Southeast of Poland (Rzeszow) is promoting an aerospace cluster in one of the poorest regions of Europe.

A key issue for innovation funded under the ESF, in particular through EQUAL, has been facilitating access to employment and the sustainable inclusion in the labour market. Innovative approaches have proven to be a cost-effective mechanism as they have allowed experimenting, testing and mainstreaming robust, effective and sustainable interfaces and bridges between institutions and work environments.

There are numerous successful examples <sup>15</sup> of good practice for managing integrated pathways and transition

• *from school to apprenticeship and work;* 

<sup>&</sup>lt;sup>13</sup> <u>http://ec.europa.eu/regional\_policy/sources/docoffic/official/reports/cohesion4/index\_en.htm</u>

<sup>&</sup>lt;sup>14</sup> http://ec.europa.eu/regional\_policy/cooperation/interregional/ecochange/documents\_en.cfm?nmenu=2

<sup>&</sup>lt;sup>15</sup> <u>http://ec.europa.eu/employment\_social/equal/activities/index\_en.cfm</u>

- *from unemployment to work;*
- from prison to employment
- from inactivity or parental leave to work
- from informal work to self-employment
- *from migration to work;*
- from full-time work to part-time work,
- *from work to retirement.*

Many of these examples have also developed good practice in combining work with life-long learning, and for reconciling work with family/private life.

Key success factors for integrated pathways have been:

- partnerships between key stakeholders and regional and local authorities;
- involvement of the disadvantaged target group
- organised learning from other regions and member states
- sound validation and mainstreaming methodology, and
- strong link to policy agendas and policy makers.

# 2.2. The relevance of the regional level for innovation

Cohesion policy has had a pioneering role in raising the awareness of European policy makers and citizens as to the potential of European regions and their problems, the wide variety of their territories, populations and conditions. The Commission has advocated the regions and their diversity as valuable assets for Europe. It has also reinforced the message that the regions need tailored and territory based growth strategies.

Embedded in EU cohesion policy's principles is the understanding that the competitiveness of Europe can not be achieved by individual Member States or by regions acting alone. Rather a close cooperation amongst them is required involving all relevant public authorities, business, citizens and social partners in a partnership with the European Commission and other European Institutions. This is the rationale behind the modus operandi developed over the years by cohesion policy in order to achieve the objective enshrined in the Treaty of reducing economic and social disparities between Member States and regions.

Cohesion policy, in particular through its Innovative Actions Programmes<sup>16</sup>, has supported the development of models that facilitate the process of knowledge capitalisation. This involves university, business and public authorities by creating flexible interconnected systems. These institutions work together to create successful regional innovation strategies that imply the creation of conditions for knowledge-based economic development and policy-making going beyond the traditional focus on 'business climate' and 'subsidies to businesses'.

Networking and partnership processes were fostered through the Innovative Actions programme  $^{17}$ , INTERREG  $^{18}$  and URBAN  $^{19}$  (co-financed by the ERDF) or EQUAL  $^{20}$  and

<sup>&</sup>lt;sup>16</sup> Innovative Actions website: <u>http://ec.europa.eu/regional\_policy/innovation/index\_en.htm</u>

Guidelines for innovative actions funded by the European Regional Development Fund in 2000-2006:
 <u>http://ec.europa.eu/regional\_policy/sources/docoffic/official/guidelines/innovac\_en.htm</u>

<sup>&</sup>lt;sup>18</sup> Interreg IIIC website: <u>http://www.interreg3c.net/web/fic\_en</u>

<sup>&</sup>lt;sup>19</sup> Urban programmes homepage: <u>http://ec.europa.eu/Regional\_Policy/urban2/index\_en.htm</u> URBACTwebsite: <u>http://urbact.eu/</u>

ADAPT<sup>21</sup> (co-financed by ESF). Cohesion policy initiated in the 1980s many networks of regions, cities, partners and business support services that became active on the ground and were recognised by the quality of services delivered to businesses and public authorities. The most successful initiatives became independent from direct financial support from Community funds.

#### 2.2.1. Innovative Actions

The Regional Programmes of Innovative Actions co-financed by the ERDF in 2000-2006 were specifically designed to give regions the opportunity to experiment. They provided regional actors with the risk space needed to test responses to the challenges set by the new economy.

Regions were given the opportunity to experiment under three themes:

- Regional economies based on knowledge and technological innovation
- The information society at the service of regional development
- Sustainable development and regional identity

With a budget of EUR 400 million 183 regional Programmes of Innovative Actions were cofinanced in the EU-15 with another three networks, one per strategic theme, fostering cooperation between regions and sharing experiences and good practices<sup>22</sup>.

# 2.2.2. EQUAL

Innovations are successful if they are widely used. Without effective ways to transfer good practice into the mainstream the benefits of innovative activity cannot be realised. The EQUAL initiative<sup>23</sup> co-financed by the ESF has provided a rich source to show that a mainstreaming strategy at programme level is needed to support projects.

With the objective of learning by experimenting and learning from one another for policy reform, the ESF has supported innovative actions to assist the development of future policy and programmes by exploring new approaches to the content and/or organisation of employment, including vocational training, and industrial adaptation<sup>24</sup>.

The added value of the innovative measures stems from the lessons that have been drawn from experimentation of new ideas and demonstration of new hypotheses, from the possibilities of identification of good practice and the exchange of knowledge and experience that can be transferred to mainstream programmes.

Innovative measures have established a direct interface between policy and practice, between what is established and what can emerge. They have worked in two ways: facilitating the

<sup>&</sup>lt;sup>20</sup> Equal website <u>EQUAL - Home page</u>

<sup>&</sup>lt;sup>21</sup> <u>http://ec.europhanet.social/equal/about/a&e\_en.cfm</u> <sup>22</sup> Theorem theorem

<sup>&</sup>lt;sup>22</sup> These were the networks ERIK, IANIS+ and REGIO SUSTAIN - Name them ....

<sup>&</sup>lt;sup>23</sup> <u>http://ec.europa.eu/employment\_social/esf/fields/transnational\_en.htm</u>

<sup>&</sup>lt;sup>24</sup> http://ec.europa.eu/employment\_social/esf/fields/innovative\_en.htm

communication of policies to practitioners "on the ground" and enabling practitioners to inform the policy process at European level.

The budget of EUR 150 million allowed supporting pilot projects, studies, exchanges of experience and information activities under four main headings:

- Adaptation to the new economy within the framework of social dialogue
- Local employment strategies and innovation
- Innovative approaches to the management of change
- Transfer and Dissemination of Innovation from ESF Article 6 Projects

#### 2.2.3. INTERREG

INTERREG contributed to innovation in many ways. One of its most prominent features in this context is the creation of relationship capital, meaning horizontal business networks bringing together experts, partners and customers. This is today considered to be as important as the ownership of natural resources or fixed assets. The creation of these networks and their relationships allow in a quick and efficient way to share and give many users access to knowledge and innovation. This is a valuable asset that regional policy brought to the economic development in Europe.

The new European territorial cooperation objective, for the 2007-2013 programming period has originated from this community initiative that was considered by the Member States and regions as bringing a large valued added to Europe.

#### 2.3. Lessons learned from the evaluation of the 2000-2006 period

The Period 2000-2006 constituted the third financial period following the 1989 reform of Cohesion Policy and consolidated the decentralised approach based on national and regional partnerships. One particular area which was strengthened in this period was the evaluation of Cohesion Policy programmes both in order to improve the effectiveness and efficiency of programmes and provide knowledge on the impact of cohesion policy.

The successful evaluation of Cohesion Policy programmes requires public authorities to have the necessary administrative and institutional capacity. Indeed, where evaluation capacity has been most developed is often in the very sectors that have conceived of it as an integral part of a much wider programme of public sector innovation and modernisation.

In Cohesion Policy programmes, evaluations are conducted at various stages: ex-ante, ongoing or mid-term and ex-post stages. For 2007-2013 an effort needs to be made to improve the capacity of the regions to reinforce a regional benchmarking culture namely by the development and use of regional ICT indicators. One of the most recent analyses on innovation in the Structural Funds is an evaluation commissioned by the Directorate General for Regional Policy in 2006<sup>25</sup> of the results of the mid-term reviews conducted under the responsibility of the Managing Authorities of the 2000-2006 programmes.

This study established that cohesion policy contributed to improved regional innovative capacity and that regions have used differing approaches:

- In Objective 1 regions, the main focus of interventions was on building basic capacities, combining education, training, technological modernisation and awareness-raising and networking.
- In Objective 2 regions, programmes focused on technology transfer, networking and cluster development.

The same study also highlights a number of fundamental improvements:

- In the less developed areas investments enhancing research and innovation potential (82 Objective 1 and 84 Objective 2 programmes) generated almost half of the total national expenditure on RTDI in the concerned Member States
- This leverage effect was even more effective in disadvantaged regions in more developed countries, such as Germany and Italy, which have seen their national disparities and imbalances decreasing in this field by this reason.

On the other hand the study stressed that further progress could be achieved by:

(1) Developing multi-level and 'triple helix type' systems for innovation governance:

Governance must be reinforced through a strong and long-term institutional commitment. Strategic co-ordination needs to involve all the multi-level competent authorities as well as other key actors such as business and universities.

(2) Identifying investment priorities and the adequate mix for each region:

There is no single 'miracle strategy' to make economies more innovative. A limited number of priorities needs to be identified to support the region in developing a competitive position and brand. The focus on technology needs to be balanced with other forms of innovation;

(3) Focusing on the demand side, clusters, poles of excellence and networks:

Efficient 'regional agencies' or equivalent bodies need to be established with the capacity to launch transparent and efficient selection systems to find innovative projects for financing. This also requires the introduction of a degree of flexibility and risk in decision making and the improvement of the monitoring and evaluation culture in order to increase the value-added of actions.

(4) Developing efficient operational measures:

<sup>&</sup>lt;sup>25</sup> Strategic evaluation on innovation and the knowledge-based economy in relation to the 2007-2013 Cohesion Policy programmes' <u>http://ec.europa.eu/regional\_policy/sources/docgener/evaluation/rado\_en.htm</u>

It is necessary to establish efficient 'regional agencies' or equivalent bodies with the capacity to launch transparent and efficient selection systems to find innovative projects to be funded; to introduce a degree of flexibility and risk in decision-making and to improve the monitoring and evaluation culture in order to increase the value-added of actions.

The ESF, with in particular the EQUAL initiative, has provided a testing ground to develop and disseminate new ways of delivering employment and social inclusion policies. An independent EU-wide evaluation of EQUAL<sup>26</sup> highlights that the awareness of the need and value of experimentation has increased amongst both programme and project managers. The innovative approach applied has put the emphasis on monitoring and validation of results.

The evaluators highlighted also that ESF was working as a strategic instrument to explore or further fields of labour market interventions where policy was not developed and/or there was not much practical experience, for example on the fight against racism and xenophobia, the social economy; reconciling family and professional life and support to asylum seekers. The strongest focus has been in particular on the improvement of existing practices for the access to employment of very vulnerable groups.

#### 3. RENEWED FOCUS ON INNOVATION IN THE 2007-2013 PROGRAMMING PERIOD

For the 2007-2013 programming period, the focus on innovation in Cohesion Policy programmes has been increased in a number of ways that include more focused legislation and policy recommendations as well as the organisation of a large number of learning events to raise awareness and exchange of information and good practices. These actions have been aimed at the Managing Authorities in the Member States and regions.

#### **3.1.** In the Regulations

Within the legislative package that governs the Structural Funds for the programming period 2007-2013 innovation is specifically mentioned in Article 3 of the general regulation<sup>27</sup>.

The ERDF Regulation (N° 1080/2006) addresses innovation extensively. Article 2 states that "the ERDF shall give effect to the priorities of the Community, and in particular the need to strengthen competitiveness and innovation, create and safeguard sustainable jobs, and ensure sustainable development". The provision that includes innovation most comprehensively is Article 5 'Regional competitiveness and employment' but innovation is also a strong component of the two objectives Convergence (Article 4) and European territorial cooperation (Article 6).

In the ESF Regulation (N° 1081/2006), Article 7 states that "in the framework of each operational programme, particular attention shall be paid to the promotion of the mainstreaming of innovative activities. The managing authority shall choose the themes for

<sup>&</sup>lt;sup>26</sup> Bernard Brunhes International in co-operation with ICAS Institute and Economix Research & Consulting, EXECUTIVE SUMMARY of the EU-WIDE EVALUATION OF THE COMMUNITY INITIATIVE EQUAL 2000-2006, FINAL REPORT, 21 July 2006, paragraphs 57 to 64 <u>http://ec.europa.eu/employment\_social/equal/data/document/eva-eu-sum\_en.pdf</u>

<sup>&</sup>lt;sup>27</sup> Council Regulation (EC) No 1083/2006 of 11 July 2006 Laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) N°1260/1999.

*the funding of innovation in the context of partnership and shall define the appropriate implementation arrangements (...)*". In addition, Article 3 refers to innovation within different priorities underlining its relevance in the context of human capital development and labour market policy.

#### **3.2.** In the Community Strategic Guidelines on Cohesion

The Community strategic guidelines on cohesion  $(CSG)^{28}$ , adopted by the Council with the assent of the European Parliament, describe the priorities for 2007-2013. Knowledge, research, innovation and human capital are clearly singled out as an overarching priority with a cross-cutting approach. The CSG specify that the Structural Funds should aim at "Encouraging innovation, entrepreneurship and the growth of the knowledge economy by research and innovation capacities, including new information and communications technologies", in addition the Guidelines entitled "Improving knowledge and innovation for growth" encompasses and "Expand and improve investment in human capital" specifically address innovation.

The CSGs recommend focusing on investment that drives growth and development. Economic growth essentially find its origin in two components: employment and productivity growth. In order to promote a sustainable development path and strengthen competitiveness it is essential to concentrate resources on basic infrastructures, human capital, research and innovation, information society, education, training and adaptability of workers.

Innovation is part of the second priority of the strategic guidelines and embraces the information society: "*Encouraging innovation, entrepreneurship and the growth of the knowledge economy by research and innovation capacities, including new information and communications technologies*"

The guideline "*Improving knowledge and innovation for growth*" encompasses four components:

- Increase and better targeted investment in RTD
- Facilitate innovation and promote entrepreneurship
- Promote information society for all (ICT)
- Improve access to finance

While, equally relevant for innovation is the guideline "*Expand and improve knowledge in human capital*", that focus on human resources.

In order to further reinforce the integration of the Lisbon priorities in the negotiation of the national and regional programmes the European Council endorsed the addition of quantitative allocation targets to these mechanisms (earmarking). The earmarked spending within Cohesion Policy is defined in the relevant Community regulations29. This approach sets targets for the EU-15 of 60% of the financial allocations for convergence regions and 75% of

<sup>&</sup>lt;sup>28</sup> COM(2006) 386 of 13.7.2006.

<sup>&</sup>lt;sup>29</sup> Article 9.3 and Annex IV of Council Regulation (EC) 1083/2006, OJ L 210/25 of 31.07.2006

allocation for regional competitiveness and employment regions to be invested in spending categories deemed as priorities in relation to the growth and jobs objectives.

In addition, the Commission has proposed further actions through the initiative 'Regions for Economic Change' <sup>30</sup> as explained in the last part of this Paper.

#### 4. THE 2007-2013 PROGRAMMING PERIOD - FIRST RESULTS

#### 4.1. The methodology for the assessment of results

The data used to make this assessment has been extracted from the Structural Funds common database maintained by the Commission where data is provided by the Managing Authorities in each Member State. When presenting their operational programmes, the Managing Authorities provide estimates of the volume of resources allocated to spending under different categories of assistance as established in Commission Regulation N° 1828/2006 of 8 December 2006 (Annex II)<sup>31</sup>.

The data used in this analysis is based on the latest data available on 26 October 2007. At this point, of the EUR 347 billion available under the Structural and Cohesion Funds, programmes amounting to a sum of EUR 343 billion had been submitted to the Commission and encoded. Of the 335 ERDF and 120 ESF operational programmes in question 160 programmes had been adopted, while the large majority of the remaining programmes were at an advanced stage of finalisation.

From the list of spending categories included in the Commission Regulation covering the typical projects/activities that are financed through the Structural Funds, 4 groups have been identified as including a specific innovation component, i.e. 'RTDI - Research, Technological Development and Innovation', 'Entrepreneurship', 'Innovative ICT' and 'Human Capital'. These four groups represent innovation in the broad sense, similar to that described in the CSGs.

Investment in the first group (RTDI) will focus on RTD infrastructure and centres of competence on technology transfer and improvement of cooperation of networks, on assistance to RTD and promotion of environmentally-friendly products and processes, assistance to SMEs for investment on research and innovation and on design and dissemination of innovative and productive ways of organising work, developing human potential in the field of research, etc.

In the second group, Entrepreneurship, typical projects are those that support self-employment and business start-up and advanced support services for firms and groups of firms.

The third group, Innovative ICT, includes the demand side of the information and communication technologies, including services to businesses and citizens, such as e-government, e-health, etc.

<sup>&</sup>lt;sup>30</sup> COM(2006) 675 of 8.11.2006.

<sup>&</sup>lt;sup>31</sup> http://ec.europa.eu/regional\_policy/sources/docoffic/official/regulation/pdf/2007/fsfc/ce\_ 1828(2006)\_en.pdf

Finally, in the group 'human resources', the categories included in this analysis relate directly to development of skills and mechanisms related to innovation capacity of staff in firms; training and services for employees to step up their adaptability to change, promotion of entrepreneurship and innovation and design and dissemination of innovative and more productive ways of organising work. Other codes related to investment in education and training systems, measures to increase participation in education and training throughout the life-cycle are of course crucial to prepare human resources to embrace innovation. However, for the purpose of this analysis of core innovation activities only those investments that are directly relevant within the labour market were chosen.

#### 4.2. Which results?

To assess progress, levels of support to innovation in the Cohesion Policy programmes of the two programming periods (2000-2006 and 2007-2013) need to be compared to the extent possible by creating two comparable 'baskets' of codes covering the relevant measures focusing on innovation (as defined in the CSG). The tables in Annex list the groups of codes for 2000-2006 and 2007-2013 used for the comparison of the spending categories contained in the operational programmes of the member states.

This first analysis of the results is encouraging. Based on the information provided by the Managing Authorities<sup>32</sup> at the planning phase of the programming periods it is possible to calculate and compare the situation regarding the periods 2000-2006 and 2007-2013. Based on the data the planned EU investment for innovation in 2007-2013 will be above EUR 85 billion which corresponds to 25% of the total new envelope for the 27 Member States. It is interesting to note that the value for EU 15 is more than EUR 48 billion corresponding to 30% of the total available while for EU 12 is EUR 35 billion or 20% of the total available.

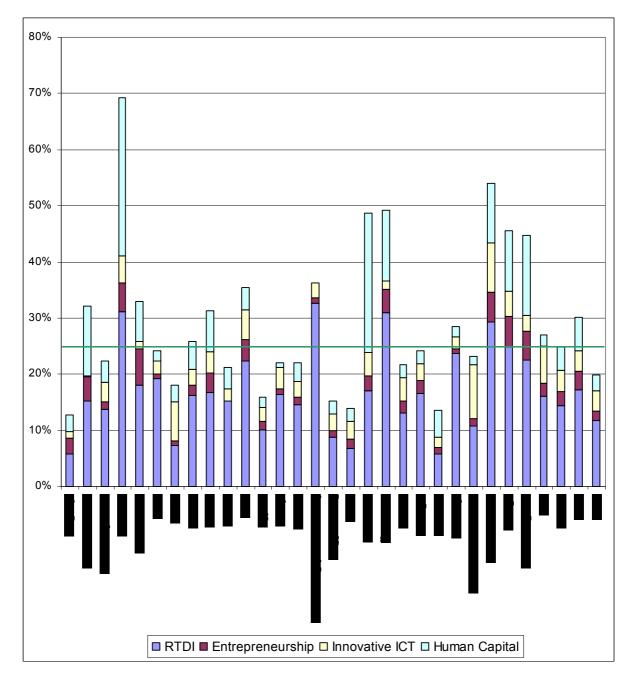
The corresponding figure for 2000-2006 was EUR 26 billion which corresponds to 11% of the previous EU envelope. Thus the planned investments in innovation in 2007-2013 through cohesion policy are more than three times higher than in 2000-2006.

From the adopted and draft operational programmes, in addition to the Community financing, it is clear that substantial national and regional budgets will be mobilised, triggering important private sector investments in innovation. For example, in line with the State Aid Framework for Research, Development and Innovation, the combined European and national subsidies can reach up to 35% for investments in process and organisational innovation in small enterprises<sup>33.</sup> This could lead to the doubling of national/regional financing available.

<sup>&</sup>lt;sup>32</sup> Commission Regulation (EC) 438/2001- Annex IV and Commission Regulation (EC) 1828/2006

<sup>&</sup>lt;sup>33</sup> Point 5.5 of the Community Framework for State Aid for Research and Development and Innovation (2006/C 323/01), OJ C 323 of 30.12.2006

Graph 1: Planned investment in Innovation by country - 2007-2013



All objectives

Partnership remains one of the essential principles for the preparation, implementation and monitoring of progress and results of the operational programmes. The experience shows that involvement of actors contributes to greater effectiveness, efficiency and transparency. For this period the range of actors involved, required by Article 11 of Regulation 1083/2006, were enlarged to include representatives of civil society. Though it is up to the Member States to determine the detailed arrangement, during the negotiations the Commission recalled constantly the importance of this process. There is evidence that for the first stage of the process, i.e. the preparation, all identified partners were involved. In smaller countries or those with a centralised system of administration, regional authorities may have a minor role but all countries organised a range of publicity and information events.

From the negotiation period (still on-going) evidence shows that the implementation of the principle has improved and tends to be a process in development. Many regions have also benefited from the experience conducted through the Innovative Actions<sup>34</sup>, EQUAL and other Community programmes where Regional Innovation Strategies have been developed. Only when the process is completed can this first stage be conclusively assessed.

#### 4.3. In the Convergence regions

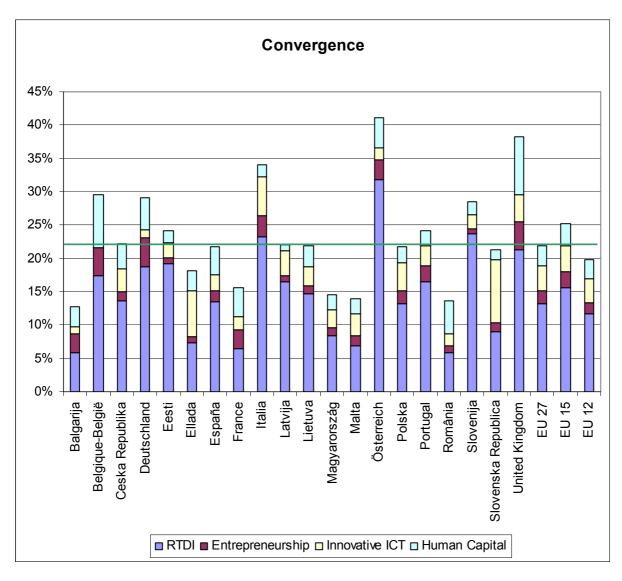
The rationale of the Convergence objective is to promote growth-enhancing conditions and factors leading to real convergence for the least-developed Member States and regions. In the EU-27 this objective concerns 84 regions<sup>35</sup> located in 17 Member States with a total population of 154 million and 16 phasing-out regions<sup>36</sup> with a total of 16.4 million inhabitants. The amount available under the Convergence objective is EUR 282.8 billion, representing 81.5 % of the total. It is split as follows: EUR 199.3 billion for the Convergence regions, while EUR 14 billion are reserved for the "phasing-out" regions, and EUR 69.5 billion for the Cohesion Fund, the latter applying to 15 Member States.

In 2007-2013 nearly 22% of its financial resources will be dedicated to innovation, which corresponds to an amount of more than EUR 61 billion. For EU 15 25% of the amounts (EUR 28 billion) are planned to be used for innovation while for EU 12, 20%, i.e. nearly EUR 34 billion are addressed to this purpose.

<sup>&</sup>lt;sup>34</sup> <u>http://ec.europa.eu/regional\_policy/cooperation/interregional/ecochange/studies\_en.cfm?nmenu=5</u>

<sup>&</sup>lt;sup>35</sup> Regions with per capita GDP at less than 75 % of the Community average

<sup>&</sup>lt;sup>36</sup> Regions with per capita GDP above the 75% threshold due to the statistical effect of the EU enlargement.



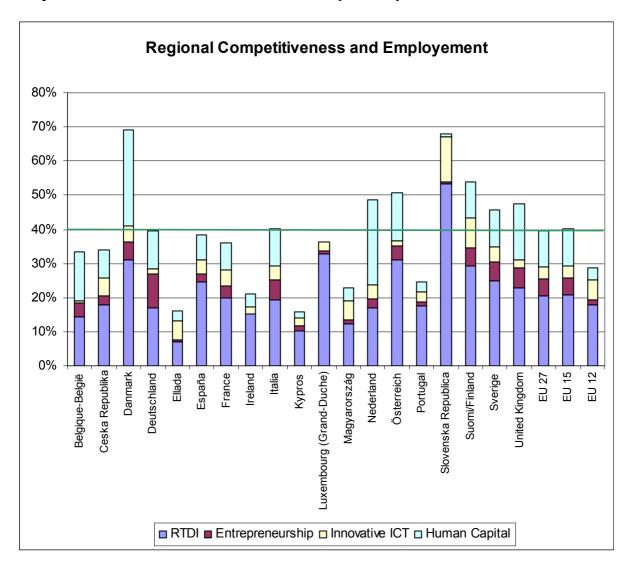
Graph 2: Investment in innovation 2007- 2013 by country

The type of measures attracting higher financial resources are support to RTD infrastructure and centres of excellence but also support to SMEs, to investment in RTD and technology transfer and ICT services to citizens and communication technologies.

#### 4.4. In the Regional competitiveness and employment objective regions

For all other regions, the Regional Competitiveness and Employment objective, aims at strengthening competitiveness and attractiveness, as well as employment, through a two-fold approach. First, development programmes will help regions to anticipate and promote economic change through innovation and the promotion of the knowledge society, entrepreneurship, the protection of the environment, and the improvement of their accessibility. Second, more and better jobs will be supported by adapting the workforce and by investing in human resources. In the EU-27 a total of 168 regions will be eligible, representing 314 million inhabitants. The amount of EUR 55 billion – of which EUR 11.4 billion is for the "phasing-in" regions – represents just below 16% of the total allocation. Regions in 19 Member States are included in this objective.

In 2007-2013 nearly 40% of the total amount of this objective will be dedicated to innovative measures. In absolute values this corresponds to almost EUR 22 billion. Here the centres of excellence, incubators and human resources development concentrate the largest amounts but SMEs services, networks and clusters are the most often mentioned measures. The absolute majority of this investment (EUR 21 billion) is concentrated in EU 15, the countries that most benefit from this objective and that are investing in innovation at a level of 40% of the total objective. For EU 12 the average is 29%, still a high value, that will be invested in innovation.





#### 4.5. The European territorial cooperation objective

The European Territorial Co-operation objective strengthens cross-border co-operation through joint local and regional initiatives, trans-national co-operation aiming at integrated territorial development, and interregional co-operation and exchange of experience. The population living in cross-border areas amounts to 181.7 million, whereas all EU regions and citizens are covered by one of the existing 13 transnational co-operation areas. The EUR 8.7 billion (2.5 % of the total) available for this objective is split as follows: EUR 6.44 billion for

cross-border, EUR 1.83 billion for transnational and EUR 445 million for inter-regional co-operation.

In 2007-2013, 27% of the European territorial cooperation objective or nearly EUR 2 billion is planned be dedicated to innovation.

#### 4.6. Experimentation and mainstreaming in 2007-2013

In addition to allocating the necessary financial resources, innovation is also about doing different things and doing things differently, underpinning all aspects of regional planning and policy development. It should encompass the design of new products in companies or the introduction of new working methods and processes among regional partners, the testing of the feasibility, advantages and transferability of new ways of delivering policies and programmes.

Hence, a region's success will depend on the successful exploitation of knowledge through a genuine partnership amongst individuals, enterprises, research institutions, associations and regional administrations.

During the negotiations for the programming period starting in 2007 the Commission has recommended that this experience through the mainstream Funds be continued by allocating an indicative amount to the experimentation of new actions (projects and approaches). The objective is to develop new ideas and approaches and test them in pilot projects. Those which are successful can then be implemented on a more extensive basis.

Experimentation through the ERDF is foreseen within 175 operational programmes covering the large majority of Member States (22) and in addition in 15 cross-border programmes. The means chosen to implement it within the operational programmes are: a cross-cutting principle (68), included in an action (45) or in several actions (34), as a separate action (20) and finally for 8 operational programmes as a separate priority (see table A.6 in annex).

#### Border, Midland and Western (Ireland)

Experimentation is set as a specific sub-priority called 'experimental innovative actions' under the first priority axis called 'Innovation and the Knowledge Economy' in this Irish region. The Managing Authority will establish a Steering Committee, building upon the existing Innovative Actions Steering Committee, which will be mandated to identify and pilot test a number of strategic initiatives or themes that have the potential to address deficiencies in the existing regional innovation system. Implementation will be through a series of competitive public calls for proposals backed up with public information initiatives.

#### Northern Hungary

The operational programme allocates EUR 5 million to support new actions (projects and approaches) under the priority 'Creating competitive local economy'. The projects that are successful can be implemented in a wider scope in the later years of the programme. Successful projects are innovative, useful (can reply to a formulated demand) and can be implemented (can use funds efficiently and in a timely manner).

A small team/organisation conducts experiments - including the development (or reworking) of the regional innovative strategy in collaboration with interested parties in the region - and identifies subjects involved in the experiments, selects projects, and monitors, analyses and disseminates results. Progress of the experiments and findings of pilot projects are discussed

at the meeting of the Monitoring Committee, and are set forth in the annual implementation report.

#### **Region Centre (France)**

Many French regions foresee experimental actions in the field of innovation in the "innovation" strand of their OPs. As proposed by DG Regional Policy during the process of the negotiation of the OPs, their starting point is to draw up within more or less two years a regional innovation strategy following a standardised methodology based on a SWOT analysis .These diagnosis will be the starting point for developing or up-dating a regional innovation strategy, which is supposed to mobilise the regional actors (enterprises, research, education institutions, etc.). In the case of the region "Centre" of France the impact of the measures will be evaluated and compared every three years by an independent body. The baseline assumptions or general orientations of the identified strategies can also be tested through experimental actions such as cooperation projects among innovation actors, knowledge transfer, evaluation activities and application of good practices.

For the ESF and following the EQUAL richness of experience, the promotion of innovative actions is foreseen across all Member States, in all 117 ESF operational programmes. For most programmes, innovation will be applied as a cross-cutting principle, included in one or several priority axes. So far, only a few ESF operational programmes plan to have a separate priority on innovation.

#### 5. **REGIONS FOR ECONOMIC CHANGE**

On 8 November 2006 the European Commission adopted a new initiative for the 2007-2013 programming period under the European territorial cooperation objective called "Regions for Economic Change"<sup>37</sup>. This initiative introduces new ways to dynamise regional and urban networks and to help them to work closely with the Commission, to have innovative ideas tested and implemented through, in particular, the three mainstreaming objectives, Convergence, Regional competitiveness and employment, and European territorial cooperation. Its objectives have been taken into account in the adopted pan-European programmes URBACT II and INTERREG IVC through which the networking of public bodies will be funded.

Many of the chosen themes are directly relevant to innovation. The themes included in this initiative with more potential for innovation are, for example, 'bringing innovation quickly to the market', 'Improving the capacity for research and innovation, 'Improving monitoring of environment and security by and for the regions', 'Improving knowledge and innovation for growth', 'Improving the capacity of regions for research and innovation', 'Low carbon economy', etc.

The networking is complemented various communication activities such as a yearly conference covering the various themes and the annual award of RegioStars for innovative projects.

<sup>&</sup>lt;sup>37</sup> COM(2006)675. http://ec.europa.eu/regional\_policy/cooperation/interregional/ecochange/documents\_en.cfm?nmenu=2

#### 6. CONCLUSIONS

- Support to innovation has been a prevailing feature in cohesion policy throughout its development. Given that the concept of innovation has evolved to a more broad-based approach, cohesion policy in the 2007-2013 programming period encompasses a more strategic approach aiming to boost and integrate growth strategies at European, regional and local levels, taking account of regional specificities and based on a reinforced partnership. This approach seeks to ensure that each sector is developed not in isolation but in the context of a coherent vision for the socio-economic development of the Member State or region concerned. In addition, there is an emphasis on placing innovation in the centre of this vision, for example through encouraging regions to develop regional innovation strategies.
- It is clear from the initial programming phase of the Period 2007-2013, that Member States and regions are reinforcing their efforts on innovation through the Cohesion Policy programmes. The financial amounts to be dedicated to innovation are considerable, with 25% of the total cohesion policy allocation, i.e. more than EUR 83 billion, being allocated to innovation. This represents more than a three-fold increase in the relative share of these headings compared to the previous period. From this amount nearly EUR 35 billion will be invested in the EU12 and more than EUR 48 billion in EU 15.
- Drawing on the success of the Innovative Actions programmes of the 2000-2006 period, most Member States have chosen to reinforce both experimentation and mainstreaming approaches through the new Operational Programmes of the ERDF and the ESF. These actions can provide evidence in the advantages of new policy approaches and delivery mechanisms, speeding up and underpinning reform and economic modernisation.
- It is clear that Europe's full potential cannot be reached by the Union, individual member states or by regions on their own. Economic success requires close co-operation among all of them. The challenge of economic globalisation can best be addressed by concerted efforts of all partners regional, national and European to ensure effective use of national and Community funds available and focus on the key drivers identified.
- In the recent Communication "Competitive European Regions through research and innovation" the Commission emphasised the role of national and regional authorities in improving the arrangements for co-ordinated preparation and use of Community instruments to support RTD, innovation and cohesion at national and regional level.
- The programming stage for the 2007-2013 is coming to an end, the time has come to deliver. Delivering on ideas, human resources, innovative technologies and products is not a clear-cut task but instead requires a continued, concerted effort and on-going assessment of progress from the responsible authorities.
- Both the renewed Lisbon Strategy for Growth and Jobs and Cohesion Policy 2007-2013 have emphasized innovation as a way of finding solutions to many of Europe's problems. In this way, innovation has been recognised as a policy priority as never before. The Commission will continue to work closely with the Member States in an effort to ensure that innovation is a focus of the 2007-2013 Cohesion Policy Programmes, using initiatives such Regions for Economic Change to promote exchanges of experiences and best practices in support of innovation.

### • ANNEX

| 2007-2013                          |                   |                                 |  |  |  |  |  |
|------------------------------------|-------------------|---------------------------------|--|--|--|--|--|
| Innovatio                          | on categories     | All categories                  |  |  |  |  |  |
| SF Community amount (million €)    | % of total budget | SF Community amount (million €) |  |  |  |  |  |
| 85 198                             | 25                | 342 760                         |  |  |  |  |  |
|                                    | 2000-200          | 06                              |  |  |  |  |  |
| Innovatio                          | on categories     | All categories                  |  |  |  |  |  |
| SF Community<br>amount (million €) | % of total budget | SF Community amount (million €) |  |  |  |  |  |
| 25 502                             | 11                | 224 441                         |  |  |  |  |  |

#### Table A.2– List of categories: 2007-2013 and 2000-2006

The spending categories that comprise innovation in the narrow sense - RTDI - and three other categories that represent innovation in the broader sense were grouped to produce this analysis. The four groups of codes in the spending **categories of the 2007- 2013 monitoring system are as follows:** 

- **Research, Technological Development and Innovation (RTDI)** codes 01-02-03-04-06-07-09-74 will be referred to as innovation in the narrow sense.
- Entrepreneurship codes 05-68 are directly relevant to entrepreneurship. This constitutes the second pillar of innovation.
- **Innovative ICT** this section should include the codes 11-12-13-14-15. These are the ICT codes that are part of the earmarked categories for all objectives and form the demand side of ICT.
- **Human capital** codes 62-63-64 cover investments in increasing the adaptability of workers and firms, enterprises and entrepreneurs. Investment in these areas will develop skills and mechanisms related to innovation capacity in the workforce as a whole. The quality of human resources is a key element in businesses' capacity to absorb and apply innovation and it is therefore important to capture cohesion policy's support for this area.

The table below lists the groups of codes used by the Commission in its analysis of the spending plans contained in the operational programmes of the member states and regions 2007-2013 and the list used for 2000-2006.

| Codes | 2007-2013   |
|-------|---|
|       | Research, Technological Development and Innovation (RTDI)                               |
| 01    | RTD activities in research centres  |
| 02    | RTD infrastructure and centres of competence  |
| 03    | Technology transfer and improvement of cooperation of networks                          |
| 04    | Assistance to RTD, particularly in SMEs (and RTD services in research centres)          |
| 06    | Assistance to SMEs for the promoting of environmentally-friendly products and processes |
| 07    | Investment in firms directly linked to research and innovation                          |
| 09    | Other methods to stimulate research and innovation and entrepreneurship in SMEs         |
| 74    | Developing human potential in the field of research and innovation (post-graduate)      |
|       | Entrepreneurship  |
| 05    | Advanced support services for firms and groups of firms                                 |
| 68    | Support for self-employment and business start-up                                       |
|       | Innovative ICT  |
| 11    | Information and communication technologies  |
| 12    | Information and communication technologies (TEN-ICT)                                    |
| 13    | Services applicable for citizens  |
| 14    | Services applicable for SMEs  |
| 15    | Other measures for improving access and efficient use of ICT by SMEs                    |
|       | Human Capital   |

| 62 | Development of life-long learning systems and strategies in firms; training and services for employees to step up their adaptability to change; promoting entrepreneurship and innovation   |
|----|---|
| 63 | Design and dissemination of innovative and more productive ways of organising work  |
| 64 | Development of specific services for employment, training and support in connection<br>with restructuring of sectors and firms, and development of systems for anticipating<br>economic changes and future requirements in terms of jobs and skills |

|     | 2000-2006  |
|-----|--|
| 24  | Workforce flexibility, entrepreneurial activity, innovation, information and communication technologies (persons, firms)   |
| 152 | Environment-friendly technologies, clean and economical energy technologies  |
| 153 | Business advisory services (including internationalisation, exporting and environmental management, purchase of technology)  |
| 155 | Financial engineering  |
| 162 | Environment-friendly technologies, clean and economical energy technologies - SMEs   |
| 163 | Business advisory services (information, business planning, consultancy services,<br>marketing, management, design, internationalisation, exporting, environmental<br>management, purchase of technology) - SMEs |
| 164 | Shared business services (business estates, incubator units, stimulation, promotional services, networking, conferences, trade fairs)  |
| 181 | Research projects based in universities and research institutes  |
| 182 | Innovation and technology transfers, establishment of networks and partnerships between businesses and/or research institutes  |
| 183 | RTDI Infrastructure  |
| 184 | Training for researchers   |
| 322 | Information and Communication Technology (including security and safe transmission measures)   |
| 323 | Services and applications for the citizen (health, administration, education)  |
| 324 | Services and applications for SMEs (electronic commerce and transactions, education and training, networking)  |
| 414 | Innovative actions   |

 Table A.3 – Innovation spending and its contents by Member State- 2007-2013

| Country                         | Total<br>Community<br>Amount | Innovation<br>Amount | Innovation<br>£ | of which - %: |                       |                   |                  |  |  |
|---------------------------------|------------------------------|----------------------|-----------------|---------------|-----------------------|-------------------|------------------|--|--|
|                                 | Amount                       |                      |                 | RTDI          | Entrepreneur-<br>ship | Innovative<br>ICT | Human<br>Capital |  |  |
| Balgarija                       | 6.673.628.244                | 854.810.079          | 12,81 %         | 5,78 %        | 2,88 %                | 1,13 %            | 3,02 %           |  |  |
| Belgique-<br>België             | 2.063.500.766                | 664.660.905          | 32,21 %         | 15,29 %       | 4,21 %                | 0,28 %            | 12,44 %          |  |  |
| Ceska<br>Republika              | 26.302.604.484               | 5.889.423.494        | 22,39 %         | 13,74 %       | 1,38 %                | 3,47 %            | 3,81 %           |  |  |
| Danmark                         | 509.577.239                  | 352.621.227          | 69,20 %         | 31,14 %       | 5,10 %                | 4,87 %            | 28,09 %          |  |  |
| Deutschland                     | 25.488.616.290               | 8.398.739.376        | 32,95 %         | 18,05 %       | 6,47 %                | 1,26 %            | 7,18 %           |  |  |
| Eesti                           | 3.403.459.881                | 822.898.618          | 24,18 %         | 19,25 %       | 0,84 %                | 2,20 %            | 1,89 %           |  |  |
| Ellada                          | 20.210.261.445               | 3.639.988.911        | 18,01 %         | 7,29 %        | 0,90 %                | 6,91 %            | 2,91 %           |  |  |
| España                          | 34.657.733.981               | 8.966.708.458        | 25,87 %         | 16,23 %       | 1,84 %                | 2,80 %            | 5,00 %           |  |  |
| France                          | 13.449.221.051               | 4.203.537.786        | 31,25 %         | 16,67 %       | 3,54 %                | 3,81 %            | 7,24 %           |  |  |
| Ireland                         | 750.724.742                  | 159.100.000          | 21,19 %         | 15,27 %       | 0,00 %                | 2,13 %            | 3,80 %           |  |  |
| Italia                          | 26.645.846.320               | 9.451.646.837        | 35,47 %         | 22,34 %       | 3,81 %                | 5,34 %            | 3,99 %           |  |  |
| Kypros                          | 603.534.992                  | 96.300.000           | 15,96 %         | 10,18 %       | 1,41 %                | 2,54 %            | 1,83 %           |  |  |
| Latvija                         | 4.530.447.634                | 996.408.065          | 21,99 %         | 16,47 %       | 0,97 %                | 3,76 %            | 0,80 %           |  |  |
| Lietuva                         | 6.775.492.823                | 1.487.915.167        | 21,96 %         | 14,64 %       | 1,25 %                | 2,91 %            | 3,17 %           |  |  |
| Luxembourg<br>(Grand-<br>Duche) | 50.487.332                   | 18.276.415           | 36,20 %         | 32,70 %       | 1,00 %                | 2,50 %            | 0,00 %           |  |  |
| Magyarország                    | 24.921.148.600               | 3.786.227.603        | 15,19 %         | 8,70 %        | 1,20 %                | 3,01 %            | 2,29 %           |  |  |
| Malta                           | 840.123.051                  | 117.000.000          | 13,93 %         | 6,84 %        | 1,61 %                | 3,21 %            | 2,26 %           |  |  |
| Nederland                       | 1.660.002.737                | 807.581.869          | 48,65 %         | 17,03 %       | 2,70 %                | 4,05 %            | 24,87 %          |  |  |
| Österreich                      | 1.204.478.581                | 592.581.294          | 49,20 %         | 31,05 %       | 4,08 %                | 1,54 %            | 12,53 %          |  |  |
| Polska                          | 65.221.852.992               | 14.199.841.734       | 21,77 %         | 13,15 %       | 2,04 %                | 4,19 %            | 2,40 %           |  |  |
| Portugal                        | 21.411.560.512               | 5.189.012.139        | 24,23 %         | 16,52 %       | 2,43 %                | 2,90 %            | 2,39 %           |  |  |
| România                         | 19.213.036.712               | 2.624.450.359        | 13,66 %         | 5,78 %        | 1,14 %                | 1,84 %            | 4,89 %           |  |  |
| Slovenija                       | 4.101.048.636                | 1.168.953.524        | 28,50 %         | 23,75 %       | 0,76 %                | 2,10 %            | 1,88 %           |  |  |
| Slovenska<br>Republica          | 11.360.619.950               | 2.635.146.796        | 23,20 %         | 10,78 %       | 1,36 %                | 9,53 %            | 1,53 %           |  |  |
| Suomi/Finland                   | 1.595.966.044                | 862.027.460          | 54,01 %         | 29,33 %       | 5,23 %                | 8,89 %            | 10,56 %          |  |  |
| Sverige                         | 1.626.091.888                | 741.045.901          | 45,57 %         | 24,88 %       | 5,46 %                | 4,44 %            | 10,79 %          |  |  |
| United<br>Kingdom               | 9.890.937.463                | 4.425.945.677        | 44,75 %         | 22,46 %       | 5,25 %                | 2,79 %            | 14,25 %          |  |  |
| ETC                             | 7.597.563.075                | 2.045.039.162        | 26,92 %         | 15,99 %       | 2,42 %                | 6,68 %            | 1,83 %           |  |  |
| TOTAL                           | 342.759.567.465              | 85.197.888.856       | 24,86 %         | 14,46 %       | 2,43 %                | 3,75 %            | 4,22 %           |  |  |
| Of which:<br>EU 15              | 161.215.006.391              | 48.473.474.255       | 30,07 %         | 17,24 %       | 3,33 %                | 3,64 %            | 5,86 %           |  |  |
| EU 12                           | 173.946.997.999              | 34.679.375.439       | 19,94 %         | 11,82 %       | 1,59 %                | 3,72 %            | 2,80 %           |  |  |

# All objectives

| Convergence            |                              |                      |                 |            |                       |                   |                  |  |  |
|------------------------|------------------------------|----------------------|-----------------|------------|-----------------------|-------------------|------------------|--|--|
| Country                | Total<br>Community<br>Amount | Innovation<br>Amount | Innovation<br>% | of which - |                       |                   |                  |  |  |
|                        | ·                            | ·<br>·               |                 | RTDI       | Entrepreneur-<br>ship | Innovative<br>ICT | Human<br>Capital |  |  |
| Balgarija              | 6.673.628.244                | 854.810.079          | 12,81 %         | 5,78 %     | 2,88 %                | 1,13 %            | 3,02 %           |  |  |
| Belgique-<br>België    | 638.326.154                  | 188.919.030          | 29,60 %         | 17,35 %    | 4,20 %                | 0,00 %            | 8,04 %           |  |  |
| Ceska<br>Republika     | 25.884.741.395               | 5.747.850.216        | 22,21 %         | 13,67 %    | 1,36 %                | 3,44 %            | 3,74 %           |  |  |
| Deutschland            | 16.079.334.622               | 4.678.763.982        | 29,10 %         | 18,73 %    | 4,31 %                | 1,25 %            | 4,80 %           |  |  |
| Eesti                  | 3.403.459.881                | 822.898.618          | 24,18 %         | 19,25 %    | 0,84 %                | 2,20 %            | 1,89 %           |  |  |
| Ellada                 | 19.571.884.743               | 3.537.903.409        | 18,08 %         | 7,30 %     | 0,92 %                | 6,95 %            | 2,91 %           |  |  |
| España                 | 26.176.407.704               | 5.703.854.972        | 21,79 %         | 13,53 %    | 1,64 %                | 2,40 %            | 4,22 %           |  |  |
| France                 | 3.191.155.555                | 499.065.512          | 15,64 %         | 6,42 %     | 2,95 %                | 1,90 %            | 4,37 %           |  |  |
| Italia                 | 20.320.956.213               | 6.916.063.530        | 34,03 %         | 23,26 %    | 3,14 %                | 5,79 %            | 1,85 %           |  |  |
| Latvija                | 4.530.447.634                | 996.408.065          | 21,99 %         | 16,47 %    | 0,97 %                | 3,76 %            | 0,80 %           |  |  |
| Lietuva                | 6.775.492.823                | 1.487.915.167        | 21,96 %         | 14,64 %    | 1,25 %                | 2,91 %            | 3,17 %           |  |  |
| Magyarország           | 22.889.720.839               | 3.323.424.847        | 14,52 %         | 8,37 %     | 1,22 %                | 2,78 %            | 2,16 %           |  |  |
| Malta                  | 840.123.051                  | 117.000.000          | 13,93 %         | 6,84 %     | 1,61 %                | 3,21 %            | 2,26 %           |  |  |
| Österreich             | 177.166.964                  | 72.759.094           | 41,07 %         | 31,76 %    | 3,05 %                | 1,80 %            | 4,46 %           |  |  |
| Polska                 | 65.221.852.992               | 14.199.841.734       | 21,77 %         | 13,15 %    | 2,04 %                | 4,19 %            | 2,40 %           |  |  |
| Portugal               | 20.470.876.380               | 4.958.177.980        | 24,22 %         | 16,48 %    | 2,48 %                | 2,90 %            | 2,37 %           |  |  |
| România                | 19.213.036.712               | 2.624.450.359        | 13,66 %         | 5,78 %     | 1,14 %                | 1,84 %            | 4,89 %           |  |  |
| Slovenija              | 4.101.048.636                | 1.168.953.524        | 28,50 %         | 23,75 %    | 0,76 %                | 2,10 %            | 1,88 %           |  |  |
| Slovenska<br>Republica | 10.905.729.461               | 2.325.714.384        | 21,33 %         | 9,00 %     | 1,39 %                | 9,38 %            | 1,56 %           |  |  |
| United<br>Kingdom      | 2.912.549.625                | 1.113.731.864        | 38,24 %         | 21,29 %    | 4,27 %                | 3,93 %            | 8,76 %           |  |  |
| EU 27                  | 279.977.939.628              | 61.338.506.365       | 21,91 %         | 13,22 %    | 1,94 %                | 3,71 %            | 3,04 %           |  |  |
| EU 15                  | 109.538.657.960              | 27.669.239.372       | 25,26 %         | 15,59 %    | 2,46 %                | 3,78 %            | 3,43 %           |  |  |
| EU 12                  | 170.439.281.668              | 33.669.266.993       | 19,75 %         | 11,69 %    | 1,60 %                | 3,68 %            | 2,79 %           |  |  |

 Table A.4 – Innovation spending and its contents by Member State - 2007-2013

| Regional Competitiveness and Employment |                              |                      |                 |               |                       |                   |                  |  |  |  |
|---|------------------------------|----------------------|-----------------|---------------|-----------------------|-------------------|------------------|--|--|--|
| Country                                 | Total<br>Community<br>Amount | Innovation<br>Amount | Innovation<br>% | of which - %: |                       |                   |                  |  |  |  |
|   | ·                            |                      |                 | RTDI          | Entrepreneur-<br>ship | Innovative<br>ICT | Human<br>Capital |  |  |  |
| Belgique-<br>België                     | 1.425.174.612                | 475.741.875          | 33,38 %         | 14,36 %       | 4,21 %                | 0,40 %            | 14,41 %          |  |  |  |
| Ceska<br>Republika                      | 417.863.089                  | 141.573.278          | 33,88 %         | 17,77 %       | 2,78 %                | 5,25 %            | 8,07 %           |  |  |  |
| Danmark                                 | 509.577.239                  | 352.621.227          | 69,20 %         | 31,14 %       | 5,10 %                | 4,87 %            | 28,09 %          |  |  |  |
| Deutschland                             | 9.409.281.668                | 3.719.975.394        | 39,54 %         | 16,87 %       | 10,17 %               | 1,26 %            | 11,24 %          |  |  |  |
| Ellada                                  | 638.376.702                  | 102.085.502          | 15,99 %         | 7,15 %        | 0,39 %                | 5,66 %            | 2,80 %           |  |  |  |
| España                                  | 8.481.326.277                | 3.262.853.486        | 38,47 %         | 24,56 %       | 2,45 %                | 4,05 %            | 7,41 %           |  |  |  |
| France                                  | 10.258.065.496               | 3.704.472.274        | 36,11 %         | 19,86 %       | 3,72 %                | 4,41 %            | 8,13 %           |  |  |  |
| Ireland                                 | 750.724.742                  | 159.100.000          | 21,19 %         | 15,27 %       | 0,00 %                | 2,13 %            | 3,80 %           |  |  |  |
| Italia                                  | 6.324.890.107                | 2.535.583.307        | 40,09 %         | 19,38 %       | 5,93 %                | 3,91 %            | 10,86 %          |  |  |  |
| Kypros                                  | 603.534.992                  | 96.300.000           | 15,96 %         | 10,18 %       | 1,41 %                | 2,54 %            | 1,83 %           |  |  |  |
| Luxembourg<br>(Grand-<br>Duche)         | 50.487.332                   | 18.276.415           | 36,20 %         | 32,70 %       | 1,00 %                | 2,50 %            | 0,00 %           |  |  |  |
| Magyarország                            | 2.031.427.761                | 462.802.756          | 22,78 %         | 12,43 %       | 0,97 %                | 5,61 %            | 3,77 %           |  |  |  |
| Nederland                               | 1.660.002.737                | 807.581.869          | 48,65 %         | 17,03 %       | 2,70 %                | 4,05 %            | 24,87 %          |  |  |  |
| Österreich                              | 1.027.311.617                | 519.822.200          | 50,60 %         | 30,93 %       | 4,26 %                | 1,50 %            | 13,92 %          |  |  |  |
| Portugal                                | 940.684.132                  | 230.834.159          | 24,54 %         | 17,59 %       | 1,26 %                | 2,83 %            | 2,86 %           |  |  |  |
| Slovenska<br>Republica                  | 454.890.489                  | 309.432.412          | 68,02 %         | 53,45 %       | 0,61 %                | 13,16 %           | 0,81 %           |  |  |  |
| Suomi/Finland                           | 1.595.966.044                | 862.027.460          | 54,01 %         | 29,33 %       | 5,23 %                | 8,89 %            | 10,56 %          |  |  |  |
| Sverige                                 | 1.626.091.888                | 741.045.901          | 45,57 %         | 24,88 %       | 5,46 %                | 4,44 %            | 10,79 %          |  |  |  |
| United<br>Kingdom                       | 6.978.387.838                | 3.312.213.813        | 47,46 %         | 22,95 %       | 5,66 %                | 2,31 %            | 16,55 %          |  |  |  |
| EU 27                                   | 55.184.064.762               | 21.814.343.329       | 39,53 %         | 20,56 %       | 4,93 %                | 3,52 %            | 10,52 %          |  |  |  |
| EU 15                                   | 51.676.348.431               | 20.804.234.883       | 40,26 %         | 20,73 %       | 5,18 %                | 3,35 %            | 11,00 %          |  |  |  |
| EU 12                                   | 3.507.716.331                | 1.010.108.446        | 28,80 %         | 18,00 %       | 1,21 %                | 6,02 %            | 3,56 %           |  |  |  |

Table A.5 – Innovation spending and its contents by Member State 2007-2013

# Table A.6 – Innovation spending and its contents 2007-2013

| European Territorial Cooperation            |                              |                      |                       |            |                       |                   |               |  |  |  |  |  |
|---|------------------------------|----------------------|-----------------------|------------|-----------------------|-------------------|---------------|--|--|--|--|--|
| Country                                     | Total<br>Community<br>Amount | Innovation<br>Amount | Innovation of which : |            |                       | vation of which : |               |  |  |  |  |  |
|   |                              |                      |                       | RTDI       | Entrepreneur-<br>ship | Innovative<br>ICT | Human Capital |  |  |  |  |  |
| European<br>Territorial<br>Cooperat-<br>ion | 7.428.375.549                | 1.994.705.122        | 26,85 %               | 15,99<br>% | 2,37 %                | 6,69 %            | 1,80 %        |  |  |  |  |  |

# Table A.7 - Experimentation<sup>38</sup>

|                           |  |   | If so, in what form? |                    |                       |                                   |                                     |  |  |
|---------------------------|--|---|----------------------|--------------------|-----------------------|-----------------------------------|-------------------------------------|--|--|
| Member State              | Number of<br>Operational<br>Programmes | Does OP<br>foresee<br>experimen-<br>tation? | Separate<br>priority | Separate<br>action | Included in an action | Included in<br>several<br>actions | As a cross-<br>cutting<br>principle |  |  |
| CROSS BORDER PROGRAMMES   | 61                                     | 15  | 7                    | 0                  | 3                     | 5                                 | 0                                   |  |  |
| AUSTRIA                   | 9                                      | 9   | 0                    | 0                  | 0                     | 0                                 | 9                                   |  |  |
| BELGIUM                   | 4                                      | 4   | 0                    | 0                  | 0                     | 1                                 | 3                                   |  |  |
| BULGARIA                  | 5                                      | 0   | 0                    | 0                  | 0                     | 0                                 | 0                                   |  |  |
| CYPRUS                    | 1                                      | 0   | 0                    | 0                  | 0                     | 0                                 | 0                                   |  |  |
| CZECH republic            | 15                                     | 9   | 0                    | 0                  | 7                     | 0                                 | 2                                   |  |  |
| GERMANY                   | 18                                     | 9   | 0                    | 3                  | 4                     | 2                                 | 0                                   |  |  |
| DENMARK                   | 1                                      | 1   | 0                    | 0                  | 0                     | 0                                 | 1                                   |  |  |
| ESTONIA                   | 2                                      | 2   | 0                    | 0                  | 0                     | 0                                 | 2                                   |  |  |
| SPAIN                     | 24                                     | 21  | 0                    | 0                  | 0                     | 0                                 | 21                                  |  |  |
| FINLAND                   | 5                                      | 5   | 0                    | 2                  | 1                     | 1                                 | 1                                   |  |  |
| France                    | 31                                     | 22  | 0                    | 1                  | 11                    | 8                                 | 2                                   |  |  |
| GREECE                    | 10                                     | 7   | 0                    | 3                  | 4                     | 0                                 | 0                                   |  |  |
| HUNGARY                   | 13                                     | 8   | 0                    | 0                  | 6                     | 1                                 | 1                                   |  |  |
| IRELAND                   | 2                                      | 2   | 0                    | 2                  | 0                     | 0                                 | 0                                   |  |  |
| ITALY                     | 26                                     | 12  | 0                    | 0                  | 4                     | 8                                 | 0                                   |  |  |
| Lithuania                 | 2                                      | 0   | 0                    | 0                  | 0                     | 0                                 | 0                                   |  |  |
| Luxembourg                | 1                                      | 0   | 0                    | 0                  | 0                     | 0                                 | 0                                   |  |  |
| LATVIA                    | 2                                      | 2   | 0                    | 0                  | 1                     | 1                                 | 0                                   |  |  |
| MALTA                     | 1                                      | 1   | 0                    | 0                  | 1                     | 0                                 | 0                                   |  |  |
| NETHERLANDS               | 4                                      | 4   | 0                    | 0                  | 0                     | 0                                 | 4                                   |  |  |
| POLAND                    | 20                                     | 11  | 0                    | 7                  | 0                     | 1                                 | 3                                   |  |  |
| Portugal                  | 10                                     | 9   | 1                    | 0                  | 0                     | 5                                 | 3                                   |  |  |
| ROMANIA                   | 5                                      | 1   | 0                    | 0                  | 0                     | 0                                 | 1                                   |  |  |
| SWEDEN                    | 8                                      | 8   | 0                    | 0                  | 0                     | 0                                 | 8                                   |  |  |
| Slovenia                  | 2                                      | 0   | 0                    | 0                  | 0                     | 0                                 | 0                                   |  |  |
| Slovakia                  | 9                                      | 3   | 0                    | 0                  | 2                     | 1                                 | 0                                   |  |  |
| United Kingdom            | 16                                     | 10  | 0                    | 2                  | 1                     | 0                                 | 7                                   |  |  |
| TOTAL ERDF/ CF Programmes | 307                                    | 175   | 8                    | 20                 | 45                    | 34                                | 68                                  |  |  |

<sup>38</sup> Source: DG REGIO based on the texts of the adopted or draft Operational Programmes as at 15 September 2007.