



**Committee of the Regions**

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**OPINION  
of the  
Committee of the Regions**

**EUROPE 2020 FLAGSHIP INITIATIVE INNOVATION UNION**

THE COMMITTEE OF THE REGIONS

- reiterates its support for reaching targets on competitiveness and innovation by 2020 and recognises that in order to achieve these targets, continued investment in education and training needs to be maintained;
- recognises the importance of balancing technological, social and public sector innovation;
- recalls that it is absolutely vital for all jobs skills to be upgraded and matched to labour market requirements;
- underscores the role which university partnerships must play in bringing research results to the market through integration of higher education, research and business; notes in this regard the importance of a supportive local and regional environment;
- appreciates the key role of research infrastructures in knowledge-based innovation systems; welcomes in this respect the new concept of Regional Partner Facilities;
- draws attention to: the potential of cross-border cooperation, including inward investment to and outward investment from the EU;
- reiterates that, in order to take full advantage of the leverage effect of the Structural Funds, the regions and Member States be rigorous in establishing adequate coherence between local and regional strategies, National Reform Plans, National Strategic Reference Frameworks and Operational Programmes implemented under European cohesion policy, in keeping with the European common strategic framework for research and smart regional specialisation strategies.

Rapporteur

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Reference document

Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on Europe 2020 Flagship Initiative Innovation Union  
COM(2010) 546 final

## **I. POLICY RECOMMENDATIONS**

### THE COMMITTEE OF THE REGIONS

1. welcomes the intention, expressed by the European Commission (COM) in the communication on "Europe 2020 Flagship Initiative Innovation Union" to adopt a much more strategic approach to innovation as an overarching policy objective, from a medium- to longer-term perspective, and with EU, national, regional and local policies closely aligned and mutually reinforcing;
2. recognises, in this regard, the importance of identifying most promising areas of comparative advantage as a basis for defining smart regional specialisation strategies; acknowledges, at the same time, that some regions may be able to stand out in more than one single area;
3. welcomes that the European Parliament resolution of 12 May 2011 on the Innovation Union strongly emphasises that regional and local authorities are key partners in implementing the priorities of the Innovation Union. They are the closest to citizens, businesses – especially SMEs – and knowledge institutions and are therefore able to establish and coordinate a mix of policy instruments to promote knowledge that is best suited to local and regional conditions;
4. calls for a clear and widely accepted definition of innovation and excellence;
5. stresses the need to better understand the role of regions in developing visions and setting objectives, in addition to delivering EU policies;
6. appreciates the reference to social innovation, including public sector innovation; acknowledges the often excellent efforts made by public bodies and by the social economy sector (cooperatives, mutual societies, associations and foundations) throughout the EU to innovate their practices in the wake of recent financial constraints to meet needs which are not taken into account by the market and by the conventional forms of entrepreneurship; Calls for increased consideration of social innovation in funding and support programmes such as the European Social Fund, the Framework Programmes (FPs) and the Competitiveness and Innovation Framework Programme (CIP);
7. calls for exploring possibilities to use territorial pacts to achieve key priorities of the Innovation Union and stresses the importance of close cooperation between those responsible for the Innovation Union and the Committee of the Regions;
8. stresses the crucial role of eco-innovation and supports the European Parliament call for the adoption of an ambitious Eco-innovation Action Plan proposing measures to introduce eco-innovation at all steps of the value chain, including design and increasing funds for initiatives in this field through the Competitiveness and Innovation Framework Programme;

9. regrets that the presentation of the flagship initiative on the Innovation Union has not been accompanied by an assessment of the budgetary impact of the measures proposed;
10. welcomes the Communication on regional policy contributing to smart growth in Europe 2020 (COM2010 553) and its accompanying document (SEC2010 1183) addressing the regional dimension of the Innovation Union flagship initiative;
11. considers that with 34 proposed commitments there should be a prioritisation of actions in the Innovation Union, in order to assist implementation, achieve concrete results and inject a sense of urgency for action. In this regard, would suggest: (a) synergies between cohesion and innovation policies; (b) innovation partnerships recognising the role of regions; (c) knowledge base and smart specialization; and (d) bringing ideas to the market;
12. would in particular draw the Commission's attention to the situation faced by innovators and individual inventors not operating within the university system, large companies or public authorities, administrations or enterprises. Ongoing work in this field should include strategies that provide innovators and individual inventors with the support and scope they need to take advantage of joint EU funding on a level playing-field;

*Regarding, synergies between cohesion and innovation policies, the CoR*

13. agrees with the Council and European Parliament on the importance of strengthening synergies between EU policies supporting research and innovation and those supporting cohesion;
14. calls for strengthening the coherence, harmonisation and complementarity of policies for education, research and innovation, with due consideration of regional characteristics;
15. reiterates that, in order to take full advantage of the leverage effect of the Structural Funds, the regions and Member States be rigorous in establishing adequate coherence between local and regional strategies, National Reform Plans, National Strategic Reference Frameworks and Operational Programmes implemented under European cohesion policy<sup>1</sup>, in keeping with the European common strategic framework for research and smart regional specialisation strategies;
16. recalls that cohesion policy plays a special role in supporting innovation activity in the regions; therefore the European Regional Development Fund (ERDF) can also be used for funding business incubators and science parks (infrastructure and connections). Clusters are particularly useful for SMEs, as they provide a context which encourages links with universities and large businesses, and enables them to access international trade networks<sup>2</sup>;

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<sup>1</sup> CdR 118/2006 fin.

<sup>2</sup> CdR 157/2009 fin.

17. believes that the "Innovation Union" flagship initiative gives scope to improve how tasks and responsibilities are shared between support for excellence in basic and applied research at European level on the one hand, and support for innovation at a decentralised level on the other, in a bid to develop regional competences and the necessary range. The potential of bodies carrying out research in specific internationally significant areas at regional and local level must also be recognised, as well as the potential based on the recognition, in business, inter alia, of practice-based innovations. In this way, the necessary range to promote the aims of the flagship initiative at a variety of regional levels will be developed;
18. believes that the challenge is to identify which aspects of innovation can be delivered by integrated territorial development plans;
19. reiterates its opposition to the establishment of a single monothematic innovation fund which, relying mainly on resources currently allocated under the structural funds, would group together all the EU financial instruments used to fund innovation. Not only could the "transfer" of funds result in a net loss of resources allocated to innovation, but it could also call into question the integration of innovation projects in regionalised development strategies;
20. proposes as a possible demarcation criteria between EU innovation Policy and Cohesion that the latter can support the innovation aspects most closely related to the wider sustainable economic development of a given area, such as clusters, vis-à-vis those aspects of innovation policy that by definition cannot be territorialised and should be delivered by thematic EU funds, open to EU-wide calls, rather than via Cohesion in which block grants are allocated to regions;
21. recognises that the research and innovation landscape is very diverse in Europe, and calls for a mix of policies that effectively support excellence as well as cohesion in Europe's regions; recognises that innovation can apply equally to new ways of working and delivering services as well as to new products; calls for more attention to reviewing what already exists and how it could be done more effectively and efficiently; stresses the need to make opportunities for and recognition of innovation more open, particularly to the grassroots and outlying regions by facilitating access to knowledge and communication through improved physical and virtual structures;
22. recalls that the next programmes for research and innovation funding could entail greater synergies with programmes aimed at developing regional capacities and facilitating participation by regions in R&D activity, as part of a common strategic framework. While upholding the principle of research and innovation excellence, this could be done, for example, by a scheme which includes creating opportunities for mainstreaming the participation of competent partners from research-lagging regions in projects and programmes led by their better known, excellent peers, through mentoring schemes or other means; notes,

in this regard, the potential of local and regional actors to nurture 'hubs of competence' linked to "poles of excellence". In this regard, the CoR encourages dissemination and exchange of good practice examples;

23. reiterates its willingness to ensure the co-ordinated use of FP7 [and its successors], Structural Funds, CIP, EARDF and the European Fisheries Fund, as this is essential for EU competitiveness and synergies between cohesion, industry, research, higher education and innovation policies at national and regional level<sup>3</sup>;
24. welcomes efforts at simplifying procedures, as well as the publication of the "Practical Guide" to EU funding opportunities<sup>4</sup>; particularly appreciates ongoing efforts towards allowing different programmes to finance different phases of projects in an ongoing perspective; would welcome evolution of this Practical Guide into a comprehensive yet accessible digital gateway to information and resources on relevant research and innovation programmes;
25. endorses the proposal by the European Parliament to introduce a "one-stop shop" or one (service) counter where SMEs, researchers, universities, research centres, regions, businesses etc. can apply for European, national, regional or local funding of research and innovation; stresses that a proposal at EU level would need to be replicated at regional and local levels;

*Regarding innovation partnerships (EIPs), the CoR*

26. endorses the approach of addressing the entire chain "from research to retail";
27. emphasises that the EIPs should contribute to a streamlined approach, without adding yet another instrument to the myriad of existing ones; highlights the views expressed by the CoR in a recent opinion on research simplification<sup>5</sup>, particularly as regards: the need to consolidate research funding instruments in addition to mainstreaming the participation of research-lagging regions; building of research capacities and absorption potential across all territories of the EU and; ensuring that the new instruments acknowledge the commonalities and differences between science, technology development and market diffusion;
28. welcomes the pilot partnership on active and healthy ageing, looks forward to the following partnerships and calls for involvement of the CoR in issues effecting local and regional authorities; the Committee considers that more attention should be given to the governance of the initiative if it is to be successful, particularly given the multiplicity of organisations and thematic domains related to healthy ageing;

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<sup>3</sup> CdR 157/2009 fin.

<sup>4</sup> CdR 230/2010 fin.

<sup>5</sup> CdR 230/2010 fin.

29. calls for the Smart Cities/Smart Regions Innovation Partnership to be started, because prompt and effective measures are critical here in producing the new and bold solutions needed to address the economic crisis and climate change and adapting these to municipal practices; it is particularly important to step up cooperation between regions with pioneering enterprises and institutions, and to provide them with the resources to effectively disseminate their findings for implementation in other regions;
30. calls for involvement of local and regional stakeholders in the conception, implementation and governance of the EIPs; cautions, however, that this should not entail an increase in the already existing and often confusing plethora of information and service providers already in place (such as Business Gateways, Interfaces, Knowledge Exchanges and so on); cautions that lack of clarity could make it increasingly difficult for universities, businesses and the voluntary sector to know how best to proceed; is also concerned that setting up additional structures might encourage ever-fiercer competition for limited and shrinking resources;
31. draws attention to: the potential of cross-border cooperation, including inward investment to and outward investment from the EU; the importance of supportive framework conditions and; the fact that recognition of the global nature of innovation would add to the cross-border dimension of innovation;
32. underscores, in this regard, the potential role of schemes such as EGTCs and territorial pacts;
33. highlights the existence in many places of regional and local innovation and knowledge transfer partnerships, often made up by the local or Regional Authority, the local academic and business stakeholders; notes the importance of a collaborative approach also amongst local and regional universities, for example through research pooling and participation initiatives;
34. outlines that, reflecting the principles of partnership and smart specialisation, such partnerships could conceive and manage, where applicable, regional innovation programmes funded by the structural funds – with rules being changed to allow the Management Authority to subdelegate; stresses that such new approaches will make it possible to substantially accelerate the transfer of research findings to local and regional practices; it is important to adequately involve relevant stakeholders in the conception, implementation management, and evaluation of such programmes, so their specific needs are accounted for where feasible;

*Regarding knowledge base and smart specialization, the CoR*

35. reiterates its support for reaching targets on competitiveness and innovation by 2020 and recognises that in order to achieve these targets, continued investment in education and training needs to be maintained, particularly during times of economic uncertainty<sup>6</sup>;

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<sup>6</sup> CdR 231/2010 fin.

36. highlights the strategic importance for Europe to introduce the concept innovation into the education system;
37. recalls that thousands of workers in the Member States have already lost their jobs over the course of the ongoing economic crisis; the emergence of new markets and the relocation of businesses to countries where manufacturing costs are lower will further exacerbate this problem. It is absolutely vital for all jobs skills to be upgraded and matched to labour market requirements<sup>7</sup>; so that innovation does not lead to net job losses;
38. stresses, in this regard, that business and employment infrastructure need to be brought up to speed with the innovation of products, of services or of delivery, so that the local community can benefit from local innovation;
39. underscores the role which university partnerships must play in bringing research results to the market through integration of higher education, research and business; notes in this regard the importance of a supportive local and regional environment, with whom universities will work in partnership; stresses that research should be seen in its broadest sense and not as merely being about product development; also underscores the importance of: encouraging researchers to link their work to the wider public; involving the public in shaping and designing projects and particularly; disseminating the outcomes;
40. recalls that defining smart specialisation on a given area depends not only on an appreciation of a region's own strengths and weaknesses, but also on an appreciation of threats and opportunities in other regions and continents, which in turn calls for a comprehensive overview of worldwide developments in potential areas of interest; also acknowledges that potential spontaneous, market-driven developments in a region should not be prevented from coming to fruition because they lie outwith the identified priorities of that region;
41. cautions against any intention to use smart specialisation as a way of prioritising already leading regions or local authorities while leaving other areas not or under-supported. This would be against the overriding principle of EU Territorial Cohesion. A European map showing regions according to their level of innovation is thus needed: this classification can then be used to establish specific support instruments for the lagging regions through the provision of ad hoc funds to help them catch up with the most innovative regions. One way of increasing cooperation between different regions is to introduce procedures whereby less-developed regions can access and use relevant research knowledge and applications from different parts of Europe, for instance with support from the structural funds;

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<sup>7</sup> CdR 85/2009 fin.



42. appreciates the key role of research infrastructures in knowledge-based innovation systems; welcomes in this respect the new concept of Regional Partner Facilities<sup>8</sup> and partnership between research infrastructures, and acknowledges their potential to contribute to a more balanced development of the European Research Area by engaging smaller or less experienced countries and regions in competitive research and innovation performance;
43. recalls that further development of virtual infrastructures based on information and communication technologies is vital for the whole of Europe and in particular for facilitating connections between geographically dispersed and particularly remote areas, such as islands and the outermost regions;
44. calls for involvement of local and regional authorities in the smart specialisation platform;
45. requests that local and regional authorities are involved in the review of operational programmes (OPs) co-financed by the Structural Funds; also calls for due consideration of local and regional concerns in the National Reform Programmes;
46. welcomes the European Commission's intention to align the OPs with priorities fixed under Europe 2020, and calls for a focus on a narrower set of priorities and practical implementation taking consideration of regional situation;
47. while aspiring in the longer term to a single, internationally compatible indicator to measure progress, CoR supports the development of an integrated indicator system (as called for by the European Parliament), ideally including the use of the Innobarometer for public administration and services; stresses that such indicators should be as simple as possible while not overlooking the rich diversity of European regions; requests to be kept informed about and involved in the preparatory work for the development of such a system;

*Regarding bringing ideas to the market, the CoR*

48. recognises the importance of balancing technological, social and public sector innovation; it is particularly important to promote societal innovations, where the operational and structural changes being pursued are achieved by combining different subsectors of innovation activity, e.g. linking the development of technology, art and design, culture and heritage, and services to users' own activities;
49. appreciates mention of cultural and creative industries in the Communication, in view of their potential role in linking creativity and innovation; stresses, with regard to enhancing and promoting innovation, the importance of thinking creatively on how to bring previously disparate disciplines together to see if new ideas can emerge;

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<sup>8</sup> ESFRI European Roadmap for Research Infrastructures Implementation Report 2009.

50. emphasises that innovation is becoming increasingly complex and systemic. Apart from being research-driven, innovation is increasingly demand- and opportunity-driven, solving real world problems and addressing major societal challenges. In implementing the Innovation Union, policy-makers and researchers should be actively encouraged to create new open innovation concepts, thus creating true win-win situations for all stakeholders and mobilising existing resources irrespective of their origin;
51. recognises the vast purchasing power of public procurement, accounting for 17% of EU27 GDP, and acknowledges the crucial role of public procurement as an innovation driver and obvious engine for increasing of (social, environmental...) standards;
52. supports active involvement of business and government in innovation-support schemes; cautions, however, on the potential impact on local and regional authorities of having solely the public sector taking the role and risks of a lead customer for unproven products and services;
53. welcomes initiatives aimed at sharing of best practices on innovative procurement schemes;
54. is concerned, however about how local and regional authorities may be impacted by requirements for Member States and regions to set aside dedicated budgets for pre-commercial procurements and public procurements of innovative products and services; willing regions should be encouraged to undertake pilot projects, e.g. through funding and sufficiently flexible rules;
55. calls for close involvement of local and regional authorities in the preparation of legal frameworks and programmes related to research, demonstration and funding of innovative public services and procurement;
56. believes that to frame a territorialised dimension of the Innovation Union an useful criteria would be to distinguish between high end innovation and excellence programmes, that by their own nature need to be supported by thematic innovation programmes and the more practical, ready to market parts of innovation that could be supported by local and regional innovation partnerships with the private sector; would encourage starting from 'ready to market parts of innovation', which have more potential for shorter-term results and straightforward agreements between parties at a local level;
57. recalls that EU Public procurement Directives already allow procurement officials to use selection criteria favouring the purchase of innovative goods and services, and in recent years the Commission has provided various types of guidance related to this issue, including advice relevant to the pre-commercial stage;

58. notes that the European Commission is concerned about the severe obstacles to the use of selection criteria for innovative procurement and instead encourages the spread of innovation-friendly public procurement practices;
59. warns, however, that often EU procurement rules are inconsistent and add red tape to domestic programmes, often testing the limits of the Treaty conferral and of subsidiarity by setting procurement criteria for domestic policies, often tying such provisions to seemingly unrelated legislation or being proposed by different Commission departments;
60. stresses the call from Local and Regional authorities for legal certainty, predictability, consistency and a centralised definition, across European Commission services, of all EU procurement rules as a prerequisite for any additional procurement proposal concerning the Innovation Union;
61. stresses the need to simplify access of SMEs to funding programmes which could benefit their participation in the economy, given that the complexity and differing rules of current programmes often precludes the participation of SMEs, as they have neither the inclination nor the time to try and understand the opportunities offered by such programmes and strongly supports the significant role played by SMEs in driving forward innovation;
62. welcomes the proposal by the European Commission of a Common Strategic Framework (CSF) between all EU funds with a territorial dimension (CF, ERDF, ESF, EAFRD, EFF); calls, furthermore, for coherence with the proposed new CSF on innovation;
63. strongly supports that the CSF also includes synergies with "thematic" EU funds insofar they entail a territorial element – such as sustainable rural development through broadband provision, TEN-T transport fund, research, or new "thematic" local initiatives such as "Smart Cities";
64. recalls that state aid rules are frequently very complex and calls on the forthcoming review due for 2011 to provide clarity on which forms of innovation can be properly supported; notes that such clarity can lead to the opening of opportunities to support innovative companies within given areas;
65. supports the practitioners' call for reduced administration of the EU innovation programme by increasing the number of open calls for proposals and by establishing of fixed dates for call publication, as practitioners believe that such measures would add predictability to the funding applicants and reduce management costs; underscores, in this regard, the importance of administrative predictability;
66. demands a better balance between risk and cost of control in the EU programmes as this often results in an over controlling approach; requests a proportionate audit and reporting mechanism, for example for those bodies that have an audited track record of robust

management and reporting practices; calls for a "science and technology" or "science and innovation" based approach , rooted in sound scientific/technical quality criteria<sup>9</sup>, rather than a focus on regularity of expenditure as is still the case in most EU programmes.

Brussels, 30 June 2011.

The President  
of the Committee of the Regions

Mercedes Bresso

The Secretary-General  
of the Committee of the Regions

Gerhard Stahl

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<sup>9</sup> CdR 230/2010 fin.

## II. PROCEDURE

<b>Title</b>	Europe 2020 Flagship Initiative Innovation Union
<b>Reference</b>	COM(2010) 546 final
<b>Legal basis</b>	TFEU: Art. 307, 1st para., Title XIX and article 322
<b>Procedural basis</b>	
<b>Date of Commission letter</b>	
<b>Date of President's decision</b>	
<b>Commission responsible</b>	Commission for Education, Youth, Culture and Research (EDUC)
<b>Rapporteur</b>	Roger Knox (UK/EA)
<b>Analysis</b>	17 December 2010
<b>Discussed in commission</b>	14 April 2011
<b>Date adopted by commission</b>	14 April 2011
<b>Result of the vote in commission</b>	Adopted with majority
<b>Date adopted in plenary</b>	
<b>Previous Committee opinions</b>	<p>Opinion on the Green Paper From Challenges to Opportunities: Towards a Common Strategic Framework for EU Research and Innovation Funding, CdR 67/2011</p> <p>Opinion on the Single Market Act, CdR 330/2010</p> <p>Opinion on Simplifying the implementation of the research framework programmes, CdR 230/2010 fin<sup>10</sup></p> <p>Opinion on Developing a common strategy for key enabling technologies in the EU, CdR 15/2010 fin<sup>11</sup></p> <p>Opinion on the Future of the Lisbon strategy post-2010, CdR 25/2009 fin<sup>12</sup></p> <p>Opinion on the Community Legal Framework for a European Research Infrastructure (ERI) and Joint Programming in Research, CdR 283/2008 fin<sup>13</sup></p>

<sup>10</sup> OJ C 104, 2.4.2011, p. 21–25

<sup>11</sup> OJ C 232, 27.8.2010, p. 49–52.

<sup>12</sup> OJ C 141, 29.5.2010, p. 5–10.

<sup>13</sup> OJ C 76, 31.3.2009, p. 6–13.

	<p>Opinion on Clusters and cluster policy, CdR 70/2008 fin<sup>14</sup></p> <p>Opinion on the Single market, social vision and services of general interest, CdR 56/2008 fin<sup>15</sup></p> <p>More efficient support for research and innovation in EU Regions, CdR 263/2007 fin<sup>16</sup></p> <p>Opinion on The European Research Area — New Perspectives, CdR 83/2007 fin<sup>17</sup></p> <p>Opinion on The future of the single market and stocktaking of European society, CdR 339/2006 fin<sup>18</sup></p> <p>Opinion on Modern SME policy for growth and employment, CdR 40/2006 fin<sup>19</sup></p> <p>Opinion on the Proposal for a Decision of the European Parliament and of the Council concerning the seventh framework programme of the European Community for research, technological development and demonstration activities (2007-2013), CdR 155/2005 fin<sup>20</sup></p>
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14 OJ C 257, 9.10.2008, p. 76–82.

15 OJ C 120, 28.5.2009, p. 6–11.

16 OJ C 105, 25.4.2008, p. 1–6

17 OJ C 305, 15.12.2007, p. 25–29.

18 OJ C 156, 7.7.2007, p. 14–17.

19 OJ C 229, 22.9.2006, p. 53–56

20 OJ C 115, 16.5.2006, p. 20–26.