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**COMMISSION STAFF WORKING DOCUMENT**

**Accompanying document to the**

**COMMUNICATION FROM THE COMMISSION "COMPETITIVE EUROPEAN  
REGIONS THROUGH RESEARCH AND INNOVATION"**

**A contribution to more growth and more and better jobs**

**RTD, INNOVATION, COHESION AND RURAL DEVELOPMENT POLICIES  
REINFORCED SYNERGIES**

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## COMMUNICATION FROM THE COMMISSION "COMPETITIVE EUROPEAN REGIONS THROUGH RESEARCH AND INNOVATION"

### A contribution to more growth and more and better jobs

## RTD, INNOVATION, COHESION AND RURAL DEVELOPMENT POLICIES REINFORCED SYNERGIES

Because competitiveness and cohesion are intrinsically and intricately linked, the design of the above mentioned instruments foresees bridges between the relevant instruments. The paragraphs below give a brief description of the elements included in each of the instruments to reinforce synergies with the others<sup>1</sup>.

### 1.1 Strengthening the regional dimension in FP7

The 7<sup>th</sup> Framework Programme extends its regional dimension through various dedicated activities such as:

- (1) **'Regions of Knowledge'** providing support to research-driven regional clusters. Its objective is to contribute to strengthening the research effort of European regions, in particular by encouraging and supporting the development, across Europe, of regional "research driven clusters" associating universities, research centres, enterprises and regional authorities. It can also contribute to reinforcing the capacity of regional actors to participate in wider FP7 activities. To make sure that the necessary integration with strategies arising from other policy domains actually happens, the correspondence between the project application and the regional cross-border or trans-national strategies of their respective cohesion policy Operational Programmes (OP), where applicable, and Regional Innovation Strategies (RIS), is clearly stated in the *'Regions of Knowledge'* funded proposals.

#### ***Food Innovations Network Europe (FINE)***

*The FINE action programme, which unites eight different regions, encourages agrifood clusters to join forces to increase innovation by enhancing exchange and collaboration between the stakeholders of the food industry.*

*Today, the globalisation of the food market as well as changing consumer preferences profoundly affects the food sector. Innovation is the main instrument for generating added value and staying competitive within the global food market.*

*The FINE network strongly believes that when an intense interaction between the different stakeholders exists, the conditions are fulfilled to create a regional dynamic of food innovation,*

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<sup>1</sup> As the Trans-European networks and the Cohesion Fund are not directly linked to research, technological development and innovation (RTDI), they are not discussed here.

*increasing the competitiveness of the food firms and the overall economic performance of the region.*

*Coordinated by the Development Agency East Netherlands in close cooperation with the Foundation Food Valley, the FINE project has a huge potential for the food business.*

This project is financed by the EC through the Sixth Framework Programme within Regions of Knowledge 2.

- (2) The '**Unlocking Research Potential**' scheme is part of the efforts to stimulate the creation of the ERA by unlocking existing and emerging excellent research potential at regional level. Its objective is to enhance the full integration of the convergence regions and outermost regions of the enlarged Europe into the EU research and technology activities. The aim is to strengthen research entities and researchers in these regions to successfully participate in the 7<sup>th</sup> RTD Framework Programme.
- (3) The **ERA-NET** scheme was launched in 2002 as a new development under the Sixth Framework Programme. It was designed "to step up" the coordination and cooperation of research programmes carried out at national and regional level in the Member States and Associated States. As such, it constituted one element in the drive towards the creation of the ERA, targeting for the first time also regional research programmes to participate in the structuring of ERA. The scheme, which continues under FP7, invites national and regional programme owners and programme managers to come together in the form of ERA-NETs covering specific topics.

A recent external Review of the ERA-NET scheme conducted by an external expert group highlighted its importance for regional research programmes. The review concluded that extending the invitation to participate in ERA-NETs to regional research programme 'owners' and 'managers' was an important step to set regional R&D governance systems in the more integrated context of national and European structures, thus harnessing a regional dynamics to European RTD and innovation policies. In this connection, the review recommended that specific actions should be introduced in FP7 to increase the participation of regions, notably by inviting national participants to include regional representatives from their own countries in their applications for ERA-NET actions.

**ERA – Space Technologies Applications & Research for the Regions and medium-sized countries (ERA-STAR Regions)**

For the first time, the coordination of space research policies will take place multilaterally at the level of the regions thanks to the ERA-STAR Regions action.

The objective of this ERA-NET action, which brings together eighteen partners (representing ten different countries and eight different regions), is to build the transregional critical mass in RTD capacity needed to meet the growing opportunities that space programmes and space based services offer.

ERA-STAR Regions concentrates its activities around the existing programmes or initiatives with references to four main axes: GALILEO applications; GMES applications; Technology applications; and Outreach, Education-related partnership, Communication.

Coordinated by the Ministère de la Région Wallone, the network unites European regions and "smaller" countries that have developed particular competences in space research. Members of the network include national ministries and regional authorities and agencies responsible for regional development and innovation planning.

This project is financed by the EC through the Sixth Framework Programme within the ERA-NET

- (4) Furthermore the newly created ***Risk-sharing Finance Facility (RSFF)*** has a strong regional dimension. The RSFF consists of a contribution to the European Investment Bank (EIB) of up to EUR1 billion over the period 2007-2013, matched by a contribution of at least the same amount by the EIB. It will allow the EIB to cover, through capital allocations and provisions, the risks it bears when lending directly, or when guaranteeing loans made by financial intermediaries from Member States and Associated Countries, in the field of research and innovation.

RSFF is likely to benefit mostly large research undertakings like Joint Technology Initiatives (JTIs), research infrastructures, large collaborative projects and projects originating from technology platforms, at least in the short term. For some of these activities, financial engineering combining different forms of financial support will be requested, and may include regional intervention and/or regional dimension, especially for support to new research infrastructures.

## 1.2. **Strengthening the regional dimension in the Competitiveness and Innovation Framework Programme (CIP)**

The new Competitiveness and Innovation Framework Programme (CIP) is a coherent response to the objectives of the growth and jobs strategy.

The CIP has brought together into a coherent framework a range of Community actions most critical to boosting European productivity, innovation capacity and sustainable growth, whilst also addressing environmental concerns. It will cover the fields of entrepreneurship, SMEs, industrial competitiveness, innovation, ICT development and use, environmental technologies and intelligent energy, through three specific programmes: the Entrepreneurship and Innovation Programme (EIP); the ICT Policy Support Programme (ICT PSP); and the Intelligent Energy Europe Programme (IEE).

### (1) **Entrepreneurship and Innovation Programme (EIP)**

- (a) The INNO-Net scheme under the **PRO-INNO Europe** initiative allows MS and EU regions to bring closer their innovation programmes and develop joint activities. The PRO INNO Europe initiative includes also the European Innovation Scoreboard and the Regional Innovation Scoreboard. The latter aims at measuring the innovation performance of EU regions based on statistical indicators and recent data from the Community Innovation Survey.
- (b) A number of sectoral networking actions between clusters are funded under the **Europe INNOVA** initiative that deals with facilitating the practical cooperation and the development of business strategies between regional clusters in Europe. Policy cooperation for cluster development is supported under the European Cluster Alliance currently funded under the PRO INNO Europe. Moreover, the European Cluster Observatory established under the Europe INNOVA initiative deals with the statistical mapping of clusters in Europe. It is the focal point in Europe for the collection and analysis of quantitative and qualitative data at a regular basis in order to better assess the evolution of clusters over time and their impact to the regional economy.

- (c) **The Innovating Regions in Europe (IRE)** scheme supported from FP4 to FP6 most regions in Europe to work out a Regional Innovation Strategy with the strong involvement of regional stakeholders. The regional strategies and numerous working groups involved more than 200 regions which were the incubators for projects in the regions carried out through support from structural funds.
- (d) **Eco-innovation** is a horizontal objective throughout the CIP. It is promoted through financial instruments, through pilot and market replication projects and eco-innovation networks. Projects and networks will support the take-up of environmental technologies and eco-innovative activities, foster clustering and public-private partnerships in eco-innovation, promote new and integrated approaches in fields such as environmental management and the environmentally-friendly design of products, processes and services. The Intelligent Energy Europe programme and the ICT Policy Support Programme will also support eco-innovation for example through the dissemination of good practices in energy efficiency and renewable energies, or the contribution of ICT to the establishment of a low-carbon economy in Europe.
- (e) The Community **financial instruments** within the CIP are market-oriented and focus on commercial decision-making and best projects. They are operated by the European Investment Fund (EIF) through financial intermediaries. When a financial intermediary is active in various fields, it is possible for it to use the instruments of the various programmes respecting their objectives as set out in the contracts between them and European Union bodies. The financial instruments will further help innovative high growth firms to access appropriate financing in their early and expansion stages of development, paying particular attention to eco-innovation. The instruments cover: in the **venture capital area** a High Growth and Innovative SME Facility (GIF) which is designed to overcome the expanding gap in the availability of venture capital investment, with GIF1 focusing on early stage investments including funds operating regionally, and GIF2 targeting expansion stage investments; **financial guarantees**, where the Loan and Micro-credit windows are maintained, mezzanine financing will be eligible under an extended equity window and a new securitisation window is established; the **Capacity Building Scheme** which encompasses the Seed Capital Action and the Partnership Action.
- (f) The CIP is specifically targeted on SMEs, entrepreneurship and innovation. From January 2008, it will, through its EIP programme, provide European enterprises, notably SMEs, with efficient and effective information and support services via a new **business and innovation support network** involving **regional outlets**. These services are currently provided by around 600 European host structures and between 2,000 and 2,500 specialized staff in the Euro Info Centre (EIC) and the Innovation Relay Centre (IRC) networks. The new network will build on this experience and the CIP will integrate the provision of these services into the most important single network in support of business and innovation ever set-up in the EU. This will make the services provided more easily accessible for SMEs and result in an even higher impact on economic cohesion. The services include the dissemination of information on Community programmes and promotion of SME participation in them, in

particular FP7. The business and innovation support network is expected to cover the whole EU and to establish correspondence centres in third countries. The network has deep roots in the regions and will provide answers to around 2,000,000 requests for information from SMEs until 2013.

## **(2) ICT Policy Support Programme (ICT PSP)**

The ICT PSP aims at stimulating innovation and competitiveness through the wider uptake and best use of ICT by citizens, governments and businesses and in particular SMEs.

The ICT PSP supports Pilot actions that aim at testing and validating, in real settings, the use of innovative ICT solutions to address societal and economic challenges. Particular focus is put on areas of public interest such as health, transport, eGovernment, inclusion, ageing, environment, energy efficiency and security. These pilots will pave the way for the wider uptake of innovative ICT and for the further development of new market opportunities, in particular for SMEs. They will help address important hurdles for the wider diffusion of innovative ICT in Europe such as lack of interoperability and market fragmentation. Regional and national authorities are expected to play a leading role in these pilots and in their wider exploitation at regional and national level.

In addition, the ICT PSP will support networking actions bringing together the stake holders in a particular field in order to share experiences in terms of ICT uptake and best use at regional and/ or sector level.

The ICT PSP will therefore build on and strengthen the activities aiming at the best use and wider uptake of ICT at national and regional level including those supported by the European Regional Development Fund.

Whilst ICT research and development in FP7 focuses on progressing the technology beyond its current status, ICT PSP aims at making the best use of existing innovative ICT solutions.

## **(3) Intelligent Energy Europe Programme (IEE)**

In the field of regional actions, the new Intelligent Energy Europe II (IEE-II) programme builds on the actions which were supported during the four years of the first Intelligent Energy Europe programme, notably by continuing to establish more regional and local energy agencies, and by strengthening the European networking of local actors in the energy efficiency, renewable energy and more energy efficient transport sectors.

In the urban as well as in rural areas, there is also a continuing focus on the development of sustainable energy communities, which demonstrate the commitment of public authorities, business communities (particularly SMEs) and individual citizens to policies and actions which will ensure the more efficient use of energy and a greater share of renewable energy in their final consumption.

A particular feature of the IEE-II programme, which complements the more regional and national actions supported by the structural funds, is the multi-national character of the IEE projects, most of which involve a broad combination of public and private

sector stakeholders (including a strong participation of SMEs) from around 8 to 10 participating countries.

From a content point of view, the IEE projects also complement the FP7 RTD actions, because the IEE projects focus on non-technological market barriers whilst the RTD projects are mainly focused on technological issues.

The CIP will help enterprises to innovate in many ways: supporting private equity and loan guarantee schemes; improving the conditions for innovation, including eco-innovation; providing business and innovation support services to SMEs via a network of regional outlets; stimulating the best use and wide adoption of digital technologies and digital content; encouraging the wider uptake of new and renewable energies and promoting energy efficiency.

The CIP allows for the development and testing of new actions which, if successful, can then be taken up at a larger scale through the structural funds. Given its relatively small budget, the CIP puts its emphasis more on the development of best practices and the cross-border dimension than on direct financial support through subsidies.

### **1.3. Cohesion policy's contribution to research and innovation**

#### **(1) The added value of cohesion policy**

Cohesion policy contributes to raising the EU's long-term research and innovation performance, both through its focus on investments which promote economic development and through the policy-making, implementation and evaluation methods which it promotes. Cohesion policy enables public authorities to implement medium and long-term programmes, based on a strategic approach, partnership with key stakeholders, organised learning from one another, and coherent actions in line with the Lisbon reform agenda. This approach allows providing integrated support for different aspects of economic and social modernisation. It supports experimentation with innovative approaches and the exchange of experience across the EU, which facilitates and promotes learning and social innovations in administrations, organisations, and enterprises. The way in which cohesion policy programmes are designed and managed also fosters partnership between different levels of government, between public and private actors and between governmental and non-governmental bodies. Cohesion policy also targets the regional level, which makes its programmes a particularly effective vehicle for fostering innovation, since this level provides the proximity essential to stimulating interaction between producers, users and mediators of knowledge. These characteristics make cohesion policy not just a policy which provides financial support, but a policy which fosters an environment favourable to innovation and private and public sector capacity to deliver it. The earmarking exercise setting target allocations for Lisbon-related projects has had an impact on refocusing the programmes under cohesion policy towards RTDI. Indicative figures are that Member States have earmarked around €45 billion of cohesion policy funding for investments in RTDI.

These efforts are particularly important in the less prosperous ("Convergence") regions, where Lisbon-related expenditure has increased from about 53% to almost 70% of the total. Similar efforts have been undertaken in the other ("Competitiveness and Employment") regions where the equivalent percentage is above 80%.

*In the case of Spain, which has traditionally used European Cohesion policy programmes to develop its infrastructure network, the authorities have decided to place much greater emphasis on RTD and innovation in the new programmes. Compared to the period 2000-2006, and against a background of a reduction in Community assistance of over 40%, the Spanish authorities have significantly increased Lisbon-related investment with regard to research, innovation and information society. The total allocation will double to reach nearly € 8 billion over the period 2007-2013.*

A particular mention should be awarded to the JEREMIE initiative aiming to improve access to finance for SMEs at regional level. JEREMIE is a pre-defined mechanism for using budget from the European Regional Development Fund (ERDF) for SME finance effectively. This mechanism helps to move from grants towards more sustainable financial products for SMEs. Under the scheme the EIF helps the regions to transform funding into financial products like venture capital, guarantees, and microfinance. This way the technique of the financial instruments within the Competitiveness and Innovation Programme (CIP) can be applied as well on a regional level. The use of the JEREMIE initiative is optional.

## **(2) Tackling regional disparities in RTDI**

Cohesion policy programmes provided financial support for research and innovation – defined in the relatively narrow sense of technological innovation - of around 10.6 billion euros in the period 2000-2006, chiefly through the ERDF. In addition, the Innovative Actions programmes have supported regional strategy development in the area of knowledge-based innovation. Some 70% of total Structural Funds investment in research and innovation is made in the least developed Objective 1 areas which would not otherwise benefit from this type of investment. There is evidence that the Funds make a significant contribution to R&D effort in such regions and contribute over time to a convergence of R&D expenditure levels. This is more necessary than ever. The discrepancies between Member States in terms of R&D intensities have grown larger since 2000, ranging from 0.4 in Cyprus to 3.86 in Sweden<sup>2</sup>. The discrepancies between EU regions are even more marked, with R&D intensity in 2003 ranging from 0.01 in Severozapaden in Bulgaria to 8.7 in Braunschweig, Germany<sup>3</sup>.

The differences between regions mean that a tailored approach to research and innovation at regional level is essential and EU cohesion policy allows for this. Cohesion policy programmes support not just investment in research and technological innovation, but investment in other innovation-relevant areas such as the modernisation of businesses, entrepreneurship, business services, eco-innovation and the sustainable use of resources, the information society, the adaptability of workers and entrepreneurs and administrative capacity. This range of intervention areas means that cohesion policy programmes can offer a comprehensive range of responses to promoting research and innovation activity, particularly in the EU's less-developed regions.

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<sup>2</sup> Green Paper, "The European Research Area: New Perspectives", COM(2007) 161, 4 April 2007.

<sup>3</sup> EUROSTAT.

The Community Strategic Guidelines (CSG) on Cohesion 2007-2013<sup>4</sup> identify "improving knowledge and innovation for growth" as one of three strategic priorities. The Guidelines identify the four elements in this area, i.e. to increase and better target investment in RTD, to facilitate innovation and promote entrepreneurship, to promote the information society for all and to improve access to finance. They also identify specific "guidelines for action" which national and regional authorities should address in the development strategies underlying the cohesion policy programmes for 2007-2013. These focus on crucial issues such as improving public-private co-operation and offer potential for synergy with the 7<sup>th</sup> FP and the CIP.

In the context of the Guideline *"More and better jobs"* one objective is to *"Increase investment in human capital through better education and skills"*. The CSG indicates as one of the actions *"supporting the modernisation of tertiary education and the development of human capital in research and innovation"*. In the context of this element, European Social Fund will invest € 4.4 billion *in developing human capital potential in the field of research and innovation*, in particular through post-graduate studies and training of teachers and networking activities between universities, research centres and businesses. An additional € 1.6 billion will go to *"design and dissemination of innovative and more productive ways of organising work"*.

### **(3) Complementarity: a guiding principle**

One of the principles of assistance of cohesion policy's instruments is that of "complementarity, consistency, co-ordination and compliance"<sup>5</sup>. In line with cohesion policy's principle of decentralized management, the Commission has given guidance to national and regional authorities on the importance of ensuring synergies between cohesion policy programmes and the support obtained from FP7 and the CIP. The Community Strategic Guidelines on Cohesion set out the expectation that national and regional development strategies will show how synergies between cohesion policy and instruments for research and innovation will be achieved. They also make a number of recommendations to Member States and regional authorities on ensuring synergy in specific areas such as thematic research priorities and Technology Platforms. The synergies which the Member States and regional authorities are asked to ensure in using the three Community instruments to support research and innovation are analogous to the synergy and co-ordination which has always been expected for use of the different Structural Funds and for use of EIB/EIF interventions and other financial instruments.

### **(4) Supporting exchange of knowledge – Regions for Economic Change**

In addition, it must be underlined that the Regions for Economic Change initiative<sup>6</sup> and the two new promotional facilities under the ESF 2007-2013 (innovation, and transnational and interregional cooperation) provide good opportunities for regions, Member States and the Commission to work together in developing synergies, particularly in terms of exchange of experience.

#### **STRATINC - Strategic Intelligence & Innovative Clusters**

<sup>4</sup> Council Decision of 6 October 2006, 2006/702EC, OJ L 291/11

<sup>5</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) No 1260/1999 (OJ L 210/25 of 31.7.2006). See in particular Article 9.

<sup>6</sup> COM(2006) 675 final of 8 November 2006

The promotion of innovation through clusters has become a pillar of regional economic development strategies. However, experience remains fragmented and inaccessible for many practitioners. The six regions participating in the STRATINC inter-regional co-operation project shared the view that strategic intelligence was essential to strengthening innovation capacity and improving competitiveness, but that existing cluster policies did not pay sufficient attention to it. The partner regions therefore set out to address this gap within the framework of EU regional policy's INTERREG III C programme.

As well as raising awareness of the importance of strategic intelligence, the project aimed to identify the different strategic information needs of SMEs in selected industrial sectors, facilitate the choice and use of strategic intelligence tools (e.g. foresight, economic intelligence, knowledge management and benchmarking) and promote the creation of business co-operation activities within clusters and between individual SMEs. To this end, STRATINC engaged in a wide range of activities including identifying the strategic information needs in different regions and synthesising the results, and creating sector-based pilot platforms for the collection, analysis and sharing of strategic information. The consortium drew on the experience of its members to explore ways of developing clusters focusing on five sectors: wood in Lorraine, agri-food in Murcia and Tenerife, new materials in North Rhine-Westphalia, information and communication technologies in Central Macedonia and biotechnologies for health in Oslo. A committee of independent experts from outside the partner regions monitored the project's different phases and activities.

STRATINC proved a valuable source of exchange and learning in the field of cluster policy for its partners. It also produced a "blueprint" - an operational document examining how strategic intelligence tools are able to support the creation of innovating clusters – of particular interest to regional agencies and business organizations.

This project, co-ordinated by the Regional Council of Lorraine, was carried out between 2003 and 2006 under the INTERREG IIIC West programme and was co-financed by the European Regional Development Fund (ERDF). Further information is available at <http://www.e-innovation.org/stratinc/>

#### ***KRIPTO — Cryptographic research at a university spin-off***

*The University of Debrecen is one of Hungary's largest higher educational establishments and a scientific centre of considerable repute. Its intellectual potential is a vital asset for the economic and social development of the Eszak-Alföld (Northern Great Plain) region, whose per capita GDP was just 37.7 % of the EU-25 average in 2002. The Faculty of Informatics has an international reputation for excellence. It was to convert the accumulated knowledge and know-how into technical realisations and economic activity that, in 2004, the university founded the Kripto research company, specialising in cryptographic research and its application in information technology.*

*Launched in February 2005, the initial project involved developing prototypes of innovative software relating to two processes essential to cryptography and thus to the security of computer data. The aim is then to develop, on the basis of these prototypes, marketable software to increase the security of e-government and e-commerce, online banking, electronic signatures and user identification systems. These are all fields of strategic interest to European competitiveness.*

*A pure spin-off of academic knowledge, the Kripto research project has made it possible not only to recruit high-level programmers from the university but is also giving undergraduates the opportunity to participate in its activities through placements. The aim of the promoters is to help make the Eszak-Alföld region a European competence centre in the field of information technologies.*

*The project was co-financed from the European Regional Development Fund (ERDF) through Hungary's Economic Competitiveness Operational Programme 2004-2006. Further information is available at <http://www.kripto.hu> and <http://www.inf.unideb.hu>*

#### **1.4. Rural development policy's contribution to research and innovation**

Without the rural development policy many rural areas of Europe would face increasing economic, social and environmental problems. To help resolving this and to stimulate the

creation of sustainable development of rural areas in the forthcoming areas, the Community rural development policy, built on four axes according to the Community strategic guidelines for rural development<sup>7</sup>, focuses on three key areas: the agrifood economy, the environment and the broader rural economy and population. Within these three areas, support for developing the potential for producing high-quality and value-added products that meet the diverse and growing demand of Europe's consumers and world markets is given a major role. In particular, it ensures that agriculture, food and forestry sector take advantage of market opportunities through innovative approaches in developing new products, processes and technologies. Knowledge transfer, modernisation and quality are other aspects that further enhance the contribution of rural areas to the society's welfare and promote innovation through a variety of instruments and techniques.

Innovation is increasingly important for Europe's farming, agrifood and forestry sectors. While Europe's large companies are often at the cutting edge of new trends, the introduction of new products and processes could significantly contribute to the performance and smaller processors and farm businesses. In particular, new forms of co-operation could facilitate access to R&D, innovation and actions undertaken under FP7.<sup>8</sup>

Similar to the cohesion policy, the rural development policy targets programming period 2007-2013, which facilitates the synergy between both policies. Coordination between the Community and programming areas (Member states/Regions) are guaranteed by the allocation of rights to Member States/Regions in defining and targeting the specific needs of their rural areas and economic sectors through the rural development instruments (axes and measures), and the coordination and assessment conducted by the Commission. European Network for Rural Development and National rural networks are established with clear aim for collection, dissemination and consolidation of experience and know-how, training and translational cooperation initiatives at Community and national levels.

Rural development policy support is secured through the European Agricultural Fund for Rural Development (EAFRD)<sup>9</sup>. Specific funding is provided for co-operation for development on new products, processes and technologies. It is further strengthened by support given for modernisation of agricultural holdings, adding value to agricultural and forestry products, participation in food quality schemes and various forms of training, advisory services and dissemination of expertise and know-how. Investment support for SMEs outside the agri-food sector with a view of promoting entrepreneurship and economic fabric, as well as business networking and ICT promotion, adds additional emphasis of rural development's contribution to R&D and innovation in rural areas.

Over the period 2007-2013 more than 14 billion euros will be invested for modernisation of holdings and adding value to agricultural and forestry products.<sup>10</sup> The latter support is targeted towards SMEs and reflects the creation of new products or significant improvement

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<sup>7</sup> Council Decision of 20 February 2006, 2006/144/EC, OJ L 55/20

<sup>8</sup> Community strategic guidelines on rural development (programming period 2007-2013), Council Decision of 20 February 2006, 2006/144/EC, OJ L 55/20, page 24.

<sup>9</sup> Council Regulation (EC) No. 1698/2005 of 20 September 2005, OJ L 277/1 of 21/10/2005.

<sup>10</sup> DG Agriculture and Rural Development's estimates based on all Rural Development Programmes submitted by 05/07/2007 (76 programmes out of 94).

in currently existing ones. Non-agricultural business creation and development (again targeted towards SMEs) will absorb more than 2.1 billion euros. Training and advisory services are strongly foreseen in the different rural development programmes with more than 1.0 billion euros going to training activities and information actions, and about 0.7 billion euros for use of advisory services. Support for co-operation for development of new products will accumulate about 0.4 billion euros and about 0.3 billion will be spend for participation in various food quality schemes.

The significant investment support of the EAFRD for the numerous actions contributing and facilitating R&D and Innovation shows that the Community's rural areas will have a strong basis for developing their economic potential over the current programming period (2007-2013). This will inevitably lead to accumulation of growth, transfer of knowledge and know-how and attraction of new businesses and economic actors. The synergy between the EAFRD and the Structural Funds will further strengthen the Community's positions in being one of the major drivers of R&D and innovation in the world.