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**For immediate release**

## **European Structural Funds alone cannot meet Lisbon targets**

The European Union has made substantial investments towards meeting the ‘Lisbon Strategy’ of becoming the most competitive, dynamic and knowledge-based economy by 2010. However, the goal of using EU Structural funds to kick-start knowledge investments across Europe’s most neglected regions is being hampered by a lack of matching investments in some countries and regions.

According to a recently completed study titled: “Strategic Evaluation on Innovation and the knowledge based economy in relation to the Structural and Cohesion Funds, for the programming period 2007-2013,” the EU allocated more than 10 billion euro – or 5.5% of overall Structural Funding in the EU 25 - on knowledge investments between 2000 and 2006.

The bulk of this funding was spent in the poorest “Objective 1” regions. The share of European Structural Funds invested in knowledge and innovation in these regions ranged from 0.3% in Malta to 15% in the Belgian Province of Hainaut. Similarly amongst “Objective 2” zones - more developed areas experiencing economic and social decline – the share invested in knowledge and innovation ranged from 2.2% in the Netherlands to 29% in Spain.

“This represents an average planned spending of 4.9% on research, technological development and innovation from total available Structural Funds in these ‘cohesion regions’ where current innovation performance is lowest, compared to 9.8% of total funds spent in the already more competitive Objective 2 areas of western Europe. This implies that unless stronger strategic measures are taken, there are chances that the ‘knowledge gap’ across Europe will not be bridged sufficiently by 2010 to meet the ambitious innovation targets.

The study team – a consortium of European-based research organizations – urges much stronger policy measures to ensure that European regions take full advantage of the 308 billion EUR in Structural Funds (SF) being allocated for the 2007-2013 period. Their synthesis report notes that some advocates of increased funding for innovation have proposed that Member States fix a minimum commitment to innovation at around 20% of SF spending.

### **Recommendations**

The report makes an exhaustive analysis of policy-related bottlenecks that need to be addressed to ensure the effective implementation of Structural Funds:

- An administrative rather than strategic management of research, technological development and innovation (RTDI) measures leading to a lack of synergies with other initiatives;
- Lack of expertise at national and regional levels in managing RTDI initiatives;
- A continuing dominance of supply-side measures with poor linkages to regional innovation

- systems; and
- Limited interest for many ‘softer’ ‘demand-side’ measures aimed directly enterprises.

The diversity of innovation potential in Europe implies equally diverse approaches to priority and target setting. Good practices from one region cannot be expected to be equally successful in other areas, argues the report. Innovation is primarily an entrepreneurial activity. Direct financial support needs to be widened to non-technological and co-operation based instruments.

On a strategic level the report recommends that countries:

- avoid adopting identical policy approaches based on a mechanical transfer of practice from elsewhere, and;
- apply a more sophisticated approach making use of a wider range of baseline indicators to set relevant targets (e.g. increase in turnover of sales from new products) at priority or measure level.

Direct support to enterprises should be focused on three critical factors for boosting the rate and scope of innovation:

- Support for recruitment and exchange of scientific and engineering staff (but also industrial designers, innovation management specialists, etc.). This approach also has the advantage of supporting innovation while stimulating employment creation.
- Opening up R&D and innovation support schemes to a broader definition of innovation to include design and other non-technological innovation aspects as well as in sectoral terms considering the launching of specific actions towards creative industries, tourism and other service sectors.
- Connect SMEs to providers of knowledge able to inform and assist with product life-cycle renewal as well as large firms and ‘customers’ who provide insight into market trends, future product requirements, etc. should be facilitated.

The report translates these strategic recommendations into operational recommendations for the Member States and regional authorities of the EU and recommendations for the Commission services of the EU.

**The full report is available at:**

[http://ec.europa.eu/regional\\_policy/sources/docgener/evaluation/pdf/strategic\\_innov.pdf](http://ec.europa.eu/regional_policy/sources/docgener/evaluation/pdf/strategic_innov.pdf).

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