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*Committee on Regional Development*

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**2009/2243(INI)**

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## **DRAFT REPORT**

on the implementation of the synergies of research and innovation earmarked Funds in Regulation (EC) n° 1080/2006 concerning the European Fund of Regional Development and the Seventh Framework Programme for Research and Development in cities and regions as well as in the Member States and the Union  
(2009/2243(INI))

Committee on Regional Development

Rapporteur: Lambert van Nistelrooij

Rapporteur for the opinion (\*):  
Jorgo Chatzimarkakis, Committee on Industry, Research and Energy

(\*) Associated committee – Rule 50 of the Rules of Procedure

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

**on the implementation of the synergies of research and innovation earmarked Funds in Regulation (EC) n° 1080/2006 concerning the European Fund of Regional Development and the Seventh Framework Programme for Research and Development in cities and regions as well as in the Member States and the Union (2009/2243(INI))**

*The European Parliament,*

- having regard to the Treaty on the Functioning of the European Union, and in particular Titles XVII, XVIII and XIX thereof,
- having regard to 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<sup>1</sup>,
- having regard to Council Decision of 6 October 2006 on Community strategic guidelines on cohesion (2006/702/EC)<sup>2</sup>,
- having regard to Decision No 1982/2006/EC of the European Parliament and of the Council of 18 December 2006 concerning the Seventh Framework Programme of the European Community for research, technological development and demonstration activities (2007-2013)<sup>3</sup>,
- having regard to Decision No 1639/2006/EC of the European Parliament and of the Council of 24 October 2006 establishing an Innovation and Competitiveness Framework Programme (2007-2013)<sup>4</sup>,
- having regard to its resolution of 10 May 2007 on the contribution of the future regional policy to the innovative capacity of the European Union<sup>5</sup>,
- having regard to its resolution of 24 May 2007 on putting knowledge into practice: a broad-based innovation strategy for Europe<sup>6</sup>,
- having regard to its resolution of 24 March 2009 on the Green Paper on Territorial Cohesion and the state of the debate on the future reform of cohesion policy<sup>7</sup>,
- having regard to its resolution of 24 March 2009 on the best practices in the field of regional policy and obstacles to the use of the Structural Funds<sup>8</sup>,
- having regard to its resolution of 24 March 2009 on the implementation of the Structural

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<sup>1</sup> OJ L 210, 31.7.2006, p. 25–78.

<sup>2</sup> OJ L 291, 21.10.2006, p. 11–32.

<sup>3</sup> OJ L 412, 30.12.2006, p. 1–43.

<sup>4</sup> OJ L 310, 9.11.2006, p. 15–40.

<sup>5</sup> Texts adopted, P6\_TA(2007)0184.

<sup>6</sup> Texts adopted, P6\_TA(2007)0212.

<sup>7</sup> Texts adopted, P6\_TA(2009)0163.

<sup>8</sup> Texts adopted, P6\_TA(2009)0156.

Funds Regulation 2007-2013: the results of the negotiations on the national cohesion strategies and the operational programmes<sup>9</sup>,

- having regard to the study published by the European Parliament entitled ‘Synergies between the EU 7th Research Framework Programme, the Competitiveness and Innovation Framework Programme and the Structural Funds’,
- having regard to the study published by the European Parliament entitled ‘Moving towards a territorialisation of European R&D and Innovation policies’,
- having regard to the study published by the European Parliament entitled ‘Structural Funds’ support for innovation – implementation challenges for 2007 - 2013 and beyond’,
- having regard to the Commission's Communication of 16 August 2007 entitled ‘Competitive European regions through research and innovation – a contribution to more growth and more and better jobs’ (COM(2007)0474),
- having regard to the Commission’s Communication of 11 December 2007 on Member States and Regions delivering the Lisbon strategy for growth and jobs through EU cohesion policy, 2007-2013 (COM(2007)0798),
- having regard to the Commission’s Communication of 14 May 2008 on the results of the negotiations concerning cohesion policy strategies and programmes for the programming period 2007 -2013 (COM(2008)0301),
- having regard to the 20th annual report of the Commission of 21 December 2009 on implementation of the structural funds (2008) (COM(2009)0617 final/2),
- having regard to the Commission's Staff Working Document of 14 November 2007 on regions delivering innovation through cohesion policy (SEC(2007)1547),
- having regard to the Commission's Working Document of 24 November 2009 on consultation on the future ‘EU2020’ strategy (COM(2009)0647)
- having regard to the Commission's fifth progress report of 19 June 2008 on economic and social cohesion – Growing regions, growing Europe (COM(2008)0371) (Fifth Progress Report);
- having regard to the Commission's sixth progress report of 25 June 2009 on economic and social cohesion – Creative and innovative regions (COM(2009)0295) (Sixth Progress Report);
- having regard to the note of the Scientific and Technical Research Committee (Crest) of 4 December 2006 on the report entitled ‘Lessons for R&D policies on the basis of the national reform programmes and the 2006 Progress Reports’ (CREST1211/06);
- having regard to the Commission's guide entitled ‘Competitive European regions through research and innovation - Practical Guide to EU funding Opportunities for Research and

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<sup>9</sup> Texts adopted, P6\_TA(2009)0165.

Innovation’;

- having regard to the report of the European Strategy Forum on Research Infrastructures, entitled ‘European Roadmap for Research Infrastructures Report 2006’;
  - having regard to the independent report, prepared at the request of the Commission, entitled ‘An Agenda for a Reformed Cohesion Policy’ (Fabrizio Barca report) (2009);
  - having regard to Rule 48 of its Rules of Procedure,
  - having regard to the report of the Committee on Regional Development and the opinion of the Committee on Industry, Research and Energy (A7-0000/2010),
- A. whereas the renewed Lisbon strategy gives high priority to research and innovation so as to respond to challenges such as climate change and increasing global competition; whereas in the post-crisis era stimulating growth and jobs through research and innovation has become ever more important, constituting a core target of the proposed EU 2020 Strategy,
- B. whereas European support for research and innovation is primarily provided through research, innovation and cohesion policy, the main instruments of these being the Structural Funds, the Seventh Framework Programme for Research (FP7) and the Competitiveness and Innovation Framework Programme (CIP),
- C. whereas cohesion policy is an essential pillar in the process of European integration and one of the most successful EU policies, facilitating convergence between increasingly diverse regions and stimulating growth and employment,
- D. whereas the second Community Strategic Guideline on cohesion for the period 2007-2013 refers to improving knowledge and innovation for growth, and consequently 25% of the total allocation has been budgeted,
- E. whereas the complexity of today's challenges calls for an integrated mix of these policies; synergy between the instruments is vital so that they reinforce each other and support the sustainable implementation of research and innovation projects, delivering a better valorisation of research outcome in the form of concrete product ideas in the regions;
- F. whereas, while some elements of the architecture of these instruments, such as the same time frame and alignment with the Lisbon agenda, allow for synergies, there are still differences, such as different legal bases, thematic versus territorial focus, and shared versus centralised management,

### **Cohesion Policy delivering research and innovation objectives**

1. Appreciates that, for 2007-2013, all Member States devoted a significant amount of their total financial allocations to R&D, innovation and development of a knowledge-based economy, resulting in 246 National or Regional Operational Programmes with around EUR 86 billion allocated to research and innovation;
2. Awaits the Commission’s Strategic Report as referred to in Article 30(2) of the General

Regulation; considers that the Report will give a comprehensive overview of the performance of Member States in delivering the objectives for the period 2007 - 2009 and will be a basis for discussion on the future prospects of cohesion policy;

3. Reiterates the need for an integrated multi-level governance approach to specific policies in the EU; stresses that a functional multi-level governance system is a precondition for setting and implementing earmarking objectives efficiently;

### **Synergies between Structural Funds, FP7 and CIP**

4. Acknowledges that, through the earmarking provisions for 2007-2013, cohesion policy is better geared to create synergies with research and innovation policies, and at the same time the territorial dimension has become increasingly important in FP7 and CIP; calls for consideration to be given to a tightened earmarking mechanism with a stronger thematic focus allowing for appropriate policy responses to the new challenges;
5. Regrets that existing opportunities for synergies in funding are still not well known; calls on regions and Member States to step up efforts to improve communication;
6. Notes the existing possibilities of combined funding; stresses, however, that mixed financing is not allowed between Structural Funds and the framework programmes; stresses that the instruments can be combined to cover either complementary but separate activities, as in the case of research infrastructure, or consecutive parts of related projects, such as the development and follow-up of a new research idea, as well as projects within the same network or cluster;
7. Stresses that synergy goes beyond complementary project funding; considers that capacity building, networking and knowledge transfer is an important form of synergy and notes that all instruments offer opportunities for such exchanges;
8. Stresses the need to promote and apply successful models in the knowledge triangle, in the relations between enterprises, research centres, universities and public authorities; highlights the potential of regional clusters in mobilising regional competitiveness and welcomes the inclusion of cluster development in both CIP and FP7 (Regions of Knowledge action in FP7); notes that knowledge exchange in regional clusters can also be facilitated by structural funds;
9. Highlights the importance of analysing, sharing and integrating best practices concerning synergies between the policy instruments; in this context welcomes the efforts made by the Commission to improve inter-departmental cooperation;
10. Notes with satisfaction the Practical Guide to EU funding opportunities for research and innovation; recommends that in future such guidance notes be provided immediately after the legislative frameworks come into effect; awaits the Commission Staff Working Document containing examples of synergies in practice;
11. Encourages the Commission to continue its activities aimed at fostering synergy, and to keep the European Parliament informed on their evolution, particularly on the situation of vertical cooperation between the EU and national and regional entities;

## Recommendations with view to the next programming period

12. Welcomes the emphasis in the draft EU 2020 strategy on the interdependence between policies, the importance of policy integration and the need for better synergies and stronger partnership in the design and delivery of public policies; calls for consideration to be given to the need expressed by regions for a more comprehensive framework in the three policy areas;
13. Considers that a strong and well-financed EU regional policy is a precondition for delivering the objectives of the EU 2020 Strategy, as well as for achieving social, economic and territorial cohesion;
14. Recalls that territorial cohesion has a horizontal character and therefore Union policies have to contribute to its achievement; reiterates that this concept is not limited to the effects of regional policy, but also focuses on coordination with other Union policies;
15. Highlights the need for place-based policies and considers that regions should pursue smart and green specialisation by defining a few innovation priorities based on the EU objectives and on their needs, and concentrate earmarked EU resources on these identified priorities;
16. Points out that transnational cooperation is the essence of FP7 and CIP, and that territorial cooperation (via transnational, interregional and cross-border programmes) is mainstreamed in the Structural Funds; calls on the Commission to reinforce the European territorial cooperation objective in the future;
17. Acknowledges that both shared and centralised management require specific rules, underlines, however, the need to harmonise the rules governing different instruments; calls on the Commission to explore possibilities to that end, without prejudice to competences of Member States and regions under shared management;
18. Reiterates its call on the Commission to develop specific evaluation criteria for the assessment of innovative projects, and to consider proposing future regulatory incentives for implementing innovation measures;
19. Stresses the importance of better assistance in the implementation of policies and programmes that enhance synergy within the research and development infrastructures - innovation - job creation chain;
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20. Instructs its President to forward this resolution to the Council and the Commission.

## **EXPLANATORY STATEMENT**

### **Background**

Each parliamentary committee may draw up an implementation report, which is a report on the transposition of EU legislation into national law and the implementation and enforcement thereof in Member States.

In the case of cohesion policy the legislative framework consists of directly applicable regulations, the implementation measures of which are covered by a Commission regulation and Commission decisions which are not submitted to Parliament.

The Committee on Regional Development took the view that in the context of the unfolding debate on the future of cohesion policy a report on the implementation should analyse whether legislation has been properly applied by the Member States.

### **Scope of the report**

The own-initiative report has a two-fold aim: first, it analyses how the indicative framework of the Community Strategic Guidelines 2007-2013, and in particular the Guideline 1.2 on Improving Knowledge and Innovation for Growth, was followed by the Member States and Regions in their National Strategic Reference Frameworks (NSRF's) and Operational Programs. Second, the report analyses the synergies between cohesion, research and innovation policies and their instruments (Structural Funds, Seventh Framework programme for RTD and Competitiveness and Innovation Framework Programme).

It has to be noted, that the report is limited in its scope since it was drawn up in the beginning of 2010 before the publication of the Commission's Strategic Report.

### **Momentum**

EU, national and regional funding schemes sometimes remain uncoordinated. However, it has to be noted that both EU cohesion policy and R&D and Innovation policies serve the same cause: addressing major challenges of the European Union and upholding an EU model based on economic growth, social responsibility and sustainable development. Fostering sustainable economic growth and job creation is more and more dependant on the capacity of regional economies to innovate and in the context of the global economic crisis this aspect became even more important, also confirmed by the role given to cohesion policy in the European Economic Recovery Plan. It is clear at the European level that policies which enhance competitiveness and innovation are urgently needed to speed up restructuring and investment and to create new business opportunities.

Furthermore, Parliament needs to present its point of view in the discussion on the future of cohesion policy. It has to discuss the possible improvements on the basis of evaluation.

### **Cohesion Policy delivering research and innovation objectives**



Since the very beginning of the current programming period, cohesion policy seeks to target three priorities, one of them being encouraging innovation, entrepreneurship and the growth of the knowledge economy, by research and innovation capacities, including new information and communication technologies.

R&D and innovation can help the European Union to achieve its growth objectives. That is why cohesion policy also targets investments that strengthen the long term competitiveness of the EU, such as entrepreneurship, access to finance for SMEs, human capital, ICT, green technology and energy efficiency. Consequently, between 2007 and 2013, EU cohesion policy tripled its financial allocation to R&D and innovation compared to the previous programming period, earmarking more than €85 billion (almost 25% of the total) to these categories of expenditure, including the mainstreaming of innovative actions and experimentation. Out of this total,

- €50.5 billion was allocated to **R&D and innovation in the narrow sense**,
- €8.3 billion to **entrepreneurship**,
- €13.2 billion to innovative **information and communication technologies** to foster the demand side of ICT,
- €14.5 billion to **human capital**.

An effective analysis of the implementation process of the 246 national or regional Operational Programmes, within which innovation is a relevant component, is not really possible until the publication by the European Commission (most probably in April 2010) of the Strategic Report: promoting an EU debate on cohesion.

This Strategic Report required by art. 30 of the General Regulation, based on the Strategic Reports of all 27 Member States, will offer a first overview on the progress the countries and their regions are making in delivering agreed objectives for the period 2007 – 2009, including high level EU objectives, on the impact of the on-going crisis on implementing cohesion policy programmes and will provide a concrete framework for the debate on the future of cohesion policy. The report will also identify examples of good practices in the Member States.

### **Synergies between Structural Funds, FP7 and CIP**

The complexity of the challenges the EU faces today calls for an integrated mix of policies; so as to reinforce the impact of individual policies and increase efficiency in spending available resources. The Community Strategic Guidelines confirm that synergy between cohesion policy and framework programmes is essential and add that in this context cohesion policy has two roles to play: facilitating the implementation of regional innovation strategies and action plans; and contributing to building up innovation and research capacity in the regions.

As a general conclusion of the analysis of the current architecture of cohesion, research and innovation policy instruments, it has to be noted, that some elements, such as the same time frame and alignment with the Lisbon agenda allow for synergies. However, there are still

significant differences, such as different legal basis, and the involvement of different administrative levels and authorities in the implementation process. These differences make it difficult for beneficiaries to be well informed about the diverse funding opportunities. In this respect, it would be necessary to ensure that bodies involved in managing FP7, CIP and the Structural Funds are aware of the possibilities offered by each of these instruments.

Even though synergies between policies go beyond complementary project funding, it is important to understand the possibilities to combine existing instruments. In this respect the Rapporteur welcomes the creation of the Practical Guide to EU funding opportunities for Research and Innovation. This guide gives some interesting examples of combining the different instruments.

According to Article 54(5) of the General Regulation an expenditure co-financed by the Funds cannot receive further co-financing from another Community instrument, thus mixed financing is prohibited. There is however the possibility to combine the instruments to support: complementary but separate activities (e.g. developing major research infrastructures, with FP7 covering the preparatory phase and construction works covered by Structural Funds), consecutive parts of related projects (e.g. different phases of the development of a technology over time: basic research, applied research, demonstration or pre-competitive market introduction) or projects within the same network/cluster.

Finally, it has to be noted that besides creating guidance notes, all levels, regional, national and EU have to step up and coordinate their efforts to improve communication and to share best practices both within their respective bodies (ministries, directorate generals) and towards potential beneficiaries.

### **Reflections and first recommendations of the Rapporteur**

The Rapporteur's recommendations are focusing on one hand on strategic goals, on the other hand on concrete objectives and actions with a view to enhance synergy between cohesion, research and innovation policy.

In the upcoming review of the financial framework and the unfolding discussion on the future of cohesion policy, the draft EU2020 Strategy proposed by the Commission proved to be of major importance. No detailed analysis was made of the proposed EU2020 strategy, the rapporteur only made references to aspects relevant for the scope of the present implementation report. It is assessed as a positive element that the draft puts emphasis on the interdependence between policies and the need for better synergies and stronger partnership in the design and delivery of public policies. It is important to note, that the necessity to better coordinate policies on the ground is also a clear message formulated by many regions, regional actors in Europe.

The Rapporteur takes the view that regional policy had and has a major contribution in responding to central EU challenges: reducing structural disparities between regions, improving EU competitiveness, counterbalancing the effects of the global economic crisis, limiting the impact of demographic or climate change. For these reasons, a strong and well financed policy is considered to be a pre-requisite for the achievement of the EU 2020 goals

and for promoting the objectives of social, economic and territorial cohesion.

Without aiming to propose a definition or to develop a debate in the context of this report on the concept of territorial cohesion, Your Rapporteur highlights that it also targets the coordination of policies that have an important territorial impact, in order to fully use the regional potential and increase their impact on the ground. Therefore, the potential of "concentration, cooperation, connection", as coordinates of territorial cohesion, should be considered and exploited in the efforts to reach a more balanced, sustainable territorial development within the European Union.

As regards the more concrete measures and actions, also in the context of simplifying the legislative framework, it is proposed that the Commission should explore ways of harmonising the rules governing the different instruments. A reference to it has been made in the orientation paper of the outgoing Commissioner, Pawel Samecki regarding the harmonisation of eligibility rules, rules on value added tax and land acquisition.

The European Parliament in its resolution on the Best practices in the field of regional policy and obstacles to the use of the Structural Funds already called for the development of specific evaluation criteria for the assessment of innovative projects, given the higher risk and thus higher failure ratio of these actions. Further regulatory incentives could be introduced in the future legislative framework of cohesion policy with the aim to foster research and innovation. The Rapporteur expects that the Commission will present proposals in this respect.

Finally, highlighting the fact that transnational cooperation is the "norm" in FP7 and CIP, and transnational, international and cross-border cooperation is mainstreamed in cohesion policy, The Rapporteur proposes to consider increasing the weight of the European territorial cooperation objective in the future, with special attention to innovation and research related actions. At present this objective has limited financial resources and thus can only finance "soft" interventions. Nevertheless, the new initiatives covered, such as Regions for Economic Change, are put in place to enable and test the rapid dissemination of innovative ideas into regional policy programmes.