



SPEECH

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The Needs and Contributions of Industry and Business to Create an Innovative Environment in the EU's Regions

TIME SLOT: 10-15 MINUTES

Ladies and Gentlemen,

Thank you very much for inviting me to this forum. I would like to share with you some thoughts on how European businesses can contribute to, and the problems they find in, the creation of an innovative environment in the European regions.

In my intervention, I would like to focus on three issues that are key for regional development:

1. Well coordinated and effective use of all available resources from the EU, national and regional level
2. Clusters as tools for innovation in the regions and how companies, education institutions and regional authorities can understand each other better
3. Improvements in the business environment, an area where regional authorities have much to say

1. Coordinated and effective use of all available resources

Coordination, coordination and coordination

These are the key words for the European business community. Good coordination of funds contributes to an effective use of resources, which should help to achieve the critical mass in finance and skills required to be successful. Lack of coordination among regional, national and European authorities in the past has acted as a major obstacle to the effective implementation of funds

We all know how difficult it is to know and understand the funding opportunities for research and innovation, or the legislative arrangements governing the use of funding from different sources for a single project. EU resources such as the Structural Funds, the Competitiveness and Innovation Programme (CIP), and the 7th Research Framework Programme should have clear objectives, clear participation rules and effective coordination amongst them.

Finally, let me mention that for this new period 2007-2013, the strong link between regional development policy and the Lisbon priorities with the “earmarking” of funds has allowed an interesting approach linking development and competitiveness. This has led to the definition of regional strategic plans for economic and social development in the operational programmes, and it can be considered a real improvement compared with the way the structural funds were managed in the prior period.

Evaluation, yes, but please, just one

Rigorous and systematic assessment of projects is crucial if we are to learn good practices. But consecutive evaluations at regional, then national and then European level only increase the administrative burden of the beneficiaries of funds. Coordination between evaluators at all levels is essential. Evaluation should also be proportional to the importance of the project.

The monitoring process should be based on clear and fixed performance criteria defined at the preparatory phase of the programmes with all relevant stakeholders. It is very important that evaluations are carried out by independent bodies and lead if necessary to a reallocation of resources from non-performing to more performing programmes

2. Clusters and the need of understanding each other better in public-private partnership

BUSINESSEUROPE is committed to promoting strong world-leading clusters in Europe. The formula for an innovative cluster puts together enterprises, research centres and laboratories and territories. For a cluster to be successful, SMEs, thanks to the support of regional policy and innovative sources of financing, should be able to access research and then place it on the market.

But sometimes cooperation between companies, regional authorities and education institutions is complicated, as if we were talking different languages. In our view, clusters should be driven by companies, which would work closely with education and research institutions to shape curricula closer to the labour market needs and easier access to research. Moreover, public authorities can contribute to close the triangle notably by improving education and training and providing infrastructures.

Dialogue with public authorities and the partnership principle

Innovation is first and foremost an entrepreneurial activity so cluster initiatives should respond to companies' needs. Therefore, the only way to proceed is to involve companies more closely. This has to be optimised by the involvement of business representatives in the creation, implementation and monitoring processes.

There is still a lot to do. While at the national level, business representatives have been consulted; at the regional level, shortcomings appear, sometimes, due to the lack of business vision of public administrators; others, due to the limited capacity of social

partners in the region. If we want a coherent innovation strategy to be embraced at the regional level, this issue should be tackled first.

Dialogue between companies and education institutions

Higher education must be more closely oriented to the reality of labour markets and adapt their offer to not only young people, but also mature students and workers undertaking their studies while working. We need to boost technology-intensive production and sectors but Europe is experiencing skill shortages in science, technology, engineering and maths disciplines.

Employability must be the main goal. One of the key characteristics of a cluster is that employees adapt to new ways of working. Therefore, in addition to specialist knowledge, courses should include essential cross-disciplinary competences such as proficiency in foreign languages, analytical skills, presentation skills and teamwork.

Employers can support employees by putting in place favourable conditions for lifelong learning and competence development, offering internships to students, and regularly providing universities with information on their competence needs.

Now the question is how to finance this

Cohesion policy funds can reinforce investments in clusters by effectively targeting resources on the following basic areas:

- Clusters enhance a dynamic renewal of activities through cooperation and competition. Therefore, the European Regional Development Fund (ERDF) should support the development of interconnectivity between enterprises and universities and research centres through improved infrastructures and access to ICT.
- Clusters put a diversity of professions together to work in new ways. This requires a constant update of skills as the introduction of new technologies such as ICT can transform the relationship between human resources working in a cluster. Support in increasing the adaptability of workers and entrepreneurs is envisaged by the European Social Fund (ESF).

This is not the only form of finance. Community funds can be used to attract more private investment in the form of Public-Private Partnerships (PPPs) and increase the availability of financing to SMEs. We find that the new financial instruments using cohesion policy funds are very interesting.¹

Let me emphasise the importance of networks in this context. European clusters have to be able to compete at the global level so inter-clustering is crucial. A “metal” cluster or an “electronic” cluster should no longer be isolated from each other, but have a fruitful cooperation for innovative products. The INTERREG programme offers a good basis for this inter-clustering.

4. Improvements in the business environment

Innovation depends very much on competition and making a commercial success of new ideas. For that, companies need the best entrepreneurial conditions.

Simplifying territorial management procedures

Public authorities at all levels can do much in this field by reducing the regulatory burden that slows down the responsiveness of firms. Improvements are badly needed. We are still waiting for more concrete results of the decision to reduce the overall administrative burden by 25% in Europe in the next five years.

The World Bank shows that it takes 4 days in Belgium to open a business, but 13 days in Italy and up to 47 days in Spain. A young potential entrepreneur should be able to solve all his doubts and administrative requirements in a one-stop shop as soon as possible. This place should be able to address the needs of the one opening a small bakery or the group of engineering students interested in opening a start-up engineering firm.

¹ Jaspers, Jeremie and Jessica

Doing strategic planning with the real involvement of local businesses

Activities to develop and promote clusters are more likely to be successful if they take carefully into account the potential and current infrastructure facilities of a region.

Training administrators in business thinking

Lack of a forward-looking and competitive vision among administrators has slowed down the development of projects

Education

Finally, I would like to outline that public authorities can also contribute to innovation by, for example, encouraging an entrepreneurial mindset at school.

Conclusion

Let me conclude highlighting the main points of my presentation:

1. Coordination of funds and authorities at all levels is crucial to use available resources effectively.
2. In order to develop clusters, contacts between public authorities, education institutions and business have to intensify
3. If innovation is to flourish, the business environment has to allow companies grow.

Thank you very much for your attention.