



Istanbul Declaration

Challenges for Europe 2020 - Demands for an effective research and development policy

The challenges Europe faces for the next decade are manifold. Ensuring quality education, developing skills, managing demographic change, achieving equal opportunities, securing global competitiveness, reducing poverty and unemployment and fighting climate change are among the most significant ones.

A Europe built on innovation will be crucial to meet those challenges and is key to economic recovery. In this context all innovations, ranging from practise- to technology-based innovations, soft to hard sciences and from fundamental to applied research, without forgetting the arts and humanities, have something to contribute.

Innovation stems from the interactions between people and organisations and from interdisciplinary research and development. These interactions depend mostly on physical and sometimes virtual proximity, and benefit from an environment that allows new ideas to emerge and to be harnessed.

If Europe does not take concrete steps towards more targeted action and a better coordinated overall Innovation and R&D policy, there is a strong risk that by 2020 most scientific work will be done on continents more geared towards innovation.

To maintain its competitiveness, Europe needs a strong and diverse industrial base, sound and responsible use of its energy and other natural resources, and a balanced mix of large companies and small and medium sized enterprises. This is essential because of SMEs' impact on economic performance and job creation. Moreover it is crucial to better exploit the competitive advantage of all the territories, from urban to rural without forgetting mountains and peripheral ones.

A territorial dimension is essential to identifying skills, matching needs and ideas and providing a platform for all stakeholders, in particular SMEs, to drive social and economic growth. In this context, partnership of all actors is vital to go beyond the goal of 15% SME (direct or indirect) involvement in the 7th Research Framework Programme which is not enough.

Also, in order to reduce fragmentation of research and development efforts carried out at European, national and regional level in Europe we propose to open the sub-programmes of the Framework Programme to the participation of regional

research, development and innovation administrations in joint programming and co-decision processes, as well as to share a common strategy between the European Commission and regions to participate in the structures created for the execution of the programmes. This requires a clear and firm commitment for regions, both in scientific and financial terms.

Thematic programmes and Structural Funds should also be better aligned to be more effective and research policy should be more balanced between the support for fundamental research and for applied research. Research and innovation must remain a key priority for the next programming period of the Structural Funds and the concentration of the expenditure in this area must be further strengthened. In this perspective, we plead for a regional policy for all, the latter being a key instrument to implement the Europe 2020 Strategy. AER's study "From Subsidiarity to Success" has shown that regions are best placed to manage applied research, while fundamental research is better undertaken at a higher level. This should be taken into account when designing and implementing research policy to help maximise the potential of all actors when tackling Europe's horizontal challenges.

In this respect, schools and universities should also equip students with the appropriate skills and attitudes that foster creativity, risk taking and entrepreneurship. Only in an environment that encourages creativity and accepts failure, can true innovation emerge. More effective education and training programmes are needed to fill in the jobs of the European innovation based economy, geared toward training or upskilling creative people, researchers and entrepreneurs, regardless of the general educational background. Furthermore focus should be given to follow up and mentoring for the development of newly established businesses.

Communication is important here as well, since R&D and innovation policies often seem remote from citizens despite the fact that they have a major impact on their daily lives. In this respect, regional politicians are closest to citizens, their needs, fears and questions.

The added value of regions in their role of public and social innovators should be acknowledged as this process is often bottom-up and user-driven which can be anticipated, stimulated and fostered directly by regional authorities.

In this context, we, the member regions of the Assembly of European Regions – European Action Tank - stress that an effective R&D and innovation policy must be based upon diversity and integrate a territorial dimension if it is to be able to contribute to sustainable growth and job creation. We therefore:

1. Recognise that ambitious R&D policies are crucial means to fulfil the objectives of the Europe 2020 Strategy and to implement it in a way that Europe becomes a strong knowledge based economy. They are a way of

overcoming the economic crisis, fighting poverty, unemployment and social exclusion and meeting the demographic, energy and climate challenges;

2. Deem education to be critical in creating a climate of innovation and entrepreneurial spirit including the promotion of mobility. Furthermore focus on the long term political implementation and increased knowledge of entrepreneurial processes at all administrative levels in the regions, in order to stimulate innovation and entrepreneurship.
3. Believe that regions are key when it comes to enabling and reinforcing cooperation and interaction between the most important R&D actors, namely education, research and industry (the knowledge triangle) as they can best harness local diversity, creativity and skills to feed into innovation;
4. Commit to strengthen cooperation between all the regions of Europe in order to connect regional actors and enable them to share experience, to foster active cooperation and joint innovation;
5. Recognise that clusters are vital to strengthen regional competitiveness based on a “smart specialisation” and that cluster policy is an important tool for catalysing and mobilising the knowledge available within a region, supporting practice-based innovation and to channel it into new products and services. The boost of “Research Driven Clusters” where the regional authorities can catalyse the mutual acknowledgement and cooperation between the regional business sectors and the regional research system, is of particular importance;
6. Underline that an easier and strengthened access to finance is important to enable start-ups and the growth of innovative companies and to implement R&D results made by entities of any size and ownership, to reduce the time-to-market and call for better conditions of access to finance, notably for SMEs, a more integrated market for private and venture capital and the development of effective support instruments by using public budget sources in innovation, including in a risk-sharing approach; call therefore for an expanded use of financial instruments to support research and innovation, also at a regional level;
7. Underline the importance to reach an agreement on the EU patent as an essential framework condition for boosting growth through innovation and welcome the efforts of the Belgian EU Presidency in this respect;
8. Stress the need for European support programmes to better engage with SMEs and call for the continued simplification measures, effective co-ordination and streamlining of programmes. In this respect we look forward to the implementation of the current proposals towards achieving simpler and more coherent European Programmes in support for R&D and innovation;

9. Claim to open-up the decision-making processes concerning the next EU Framework Programme for Research to the regions, especially to those having a significant record in promoting, managing, implementing and evaluating research, development and innovation programmes;
10. Believe that a true partnership is needed between regional, national and EU actors in application of the subsidiarity principle as enshrined in the Lisbon Treaty.
11. Stress the importance of promoting the future development of synergies in the use of the main EU funding sources and research and innovation, in the regions: FP7, Competitiveness and Innovation Framework Programme (CIP) and Structural Funds, and call for a harmonisation of financial rules between EU thematic and regional programmes;
12. Underline that the enhanced multi-level governance is vital to overcome the fragmentation and duplication efforts to increase the efficiency of policies and to fully harness Europe's potential;
13. Take up the challenge of innovation by exploiting the asset of regional diversity, using natural resources in a responsible way providing an innovation-friendly environment, supporting intra- and inter-regional cooperation and leveraging innovation to make our regions and Europe a sustainable and prosperous place to live by 2020.

Adopted by the AER General Assembly in Istanbul (TR) on 12 November 2010.