



NETH-ER VISION PAPER for Cohesion Policy post-2020 KNOWLEDGE FIRST

TOGETHER FOR KNOWLEDGE-DRIVEN GROWTH

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Key principles

1. Stimulating interregional cooperation
2. Investing in human innovation capacity
3. Valorisation by promoting the innovation chain

Key condition

A strong, coherent and inclusive 'knowledge first' policy



INTRODUCTION

Regional Policy is the EU's main investment policy. Cohesion helps regions to capitalise on their strengths in a globalised economy. As the Seventh Cohesion Report pointed out, "the best response to globalisation is a continuous effort to move up the value chain. This requires innovation, entrepreneurship, knowledge transfer and continuous upgrading of the skills of the labour force".

The Dutch knowledge community believes that investments made through the European Structural and Investment (ESI) Funds are effective for closing the innovation divide. Moreover, the ESI Funds contribute to addressing future innovation needs and achieving convergence towards knowledge-based economic growth.

In the Communication from the Commission on "a new, modern Multiannual Financial Framework for a European Union that delivers efficiently on its priorities post-2020", three options to determine the level of ambitions for an efficient Cohesion Policy post-2020 are presented. The Dutch knowledge community agrees with the Commission that the ESI Funds need a sharp focus on the societal challenges of today and tomorrow. These challenges can be at best dealt with pan-European programmes that focus on the right areas for innovation. As the challenges are felt at all levels, from global to regional, no region should be left behind in this process. The ESI Funds are an important catalyst for facilitating partnerships between partners from regions classified as moderate or modest innovators and partners who are qualified as innovation leaders. Therefore, we believe that even with a relatively modest budget, ambitious projects can be realised, the impact of which can be felt on the ground in all regions throughout Europe.

Our common belief is that education, research and innovation should continue to play key roles under the ESI Funds by promoting the development of knowledge structures and innovation ecosystems. This is achieved by investing in the development of skills at all levels of education, from vocational to higher education, and stimulating partnerships between education and business to create excellent research and innovation (R&I) structures.

This vision paper of the Dutch knowledge community builds on the Neth-ER vision papers for FP9 and Erasmus+, and on the joint position of the national, regional and local governments of the Netherlands that was issued on 24 May 2017.

We believe there are three leading principles and one key condition to be met for Europe to take a leading role in increasing coherence, innovation, competitiveness, and sustainable jobs and growth.

Key principles:

- Stimulating interregional cooperation
- Investing in human innovation capacity
- Valorisation by promoting the innovation chain

Key condition:

- A strong, coherent and inclusive 'knowledge first' policy



KEY PRINCIPLES

1. Stimulating interregional cooperation

To realise cohesion to the fullest extent in Europe, we need to invest in interregional cooperation. Regional development in the EU is enhanced through transfers of know-how and through shared investment in our citizens, students, and employees, because human capital is Europe's best asset. These transfers create European value chains and ecosystems in which all regional stakeholders can participate.

Traditionally, interregional cooperation has been taking place between neighbouring regions, which has been successfully encouraged by the Interreg programme. This works well because proximity makes it easy to include neighbouring regions in world-class value chains, clusters, and ecosystems.

However, proximity is only one aspect of value chain integration. We have seen through smart specialisation strategies that linking (partners from) regions throughout Europe is an important driver stimulating innovation in EU regions.

Further cooperation between European regions along thematic lines brings the regions closer together and boosts European competitiveness. The Vanguard Initiative is a well-known initiative based on this philosophy, and it has been successful in developing better pan-European cooperation within value chains.

The Dutch knowledge community would like to take this philosophy one step further and extend Interreg programmes post-2020 to cooperation based on shared specialisation. By working together and creating partnerships, Europe's regions can move themselves up the value chain and develop knowledge-based products, services, and jobs. This also means equipping people with future skills that are necessary in an evolving knowledge-based society and addressing brain flow.

The Dutch knowledge community hence believes that cross-border cooperation should be continued and extended.

More specifically, this means that

- In the future, regions will have to spend part of national and regional programmes under the European Regional Development Fund (ERDF) outside their geographical areas. Cross-border cooperation should become a mandatory element of national and regional programmes. Cooperating regions should engineer and blend fundings schemes jointly and Interreg Europe should be extended by allocating part of the ERDF budget to investment projects on innovation.
- The ESI Funds should be used to develop and connect excellent ecosystems. At the core of successful ecosystems we usually find strong R&I infrastructures in innovation hubs. Post 2020, Interreg should facilitate exchange and networking activities aimed at cross-border value chain integration. A pan-European Interreg programme should support the access and joint usage of interregional innovation hubs that fit within the European strategy in terms of their overall role in European value chains.
- Shared human resource agendas should be developed between cooperating regions to stimulate the development of educational programmes which respond to the industry's qualitative demands of top talented people.



2. Investing in human innovation capacity

In our knowledge-driven economy, economic growth tends to cluster in regions with a skilled and creative workforce and infrastructure for excellent R&I. Therefore, targeting the ESI Funds toward stimulating the innovation capacity of a region means directing funds toward human capital innovation. As was underlined in the 'European Social Pillar', "education forms the basis for a creative and productive workforce that drives R&D and innovation and is able to steer technological and digital developments".

We advocate the use of ESI Funds to invest in high-quality and inclusive education and training systems that anticipate and respond to future knowledge needs and trends in the labour market and equip people with 21st century skills they need throughout their career. Higher education institutions and vocational education and training (VET) can help regions become more innovative.

Building capacity in education entails that each education level and sector contributes to regional innovation. Regional cooperation between education institutions of all levels and the industry will increase the effectiveness of future skills, because such skills will be built on prior experience and will be designed to accommodate the regional labour market.



More specifically, this means that

- The European Social Fund should prioritise investments in human capital in line with the regional smart specialisation strategies. Building innovation capacity is a shared responsibility of government, the education sector, research institutions and business. All these partners should be involved in the design of smart specialisation strategies, because they are an expression of the regional commitment to realising a stairway to excellence in R&I.
- Work-based learning systems play an important role in guaranteeing the implementation of new technologies within companies and public institutions. Regionally rooted high-quality VET systems with close ties to local companies and stakeholders form the base for developing and capturing talent in the region and for facilitating the transition from education to the labour market. In addition, the skills acquired through VET also provide a stepping stone for pathways to higher education.
- Focus should also be placed on the transition from VET to higher education. Higher education institutions are well placed to combine global challenges with regional engagement by contributing to the development of strong disciplinary and interdisciplinary skills and competences.

3. Valorisation by promoting the innovation chain

European Cohesion Policy is an excellent vehicle to stimulate mutual learning from regional best practices. The European Cohesion Policy should focus on the valorisation of impact-driven research outcomes resulting from regional cooperation.

Regional impact is created through smart partnerships among knowledge providers, businesses, and government stakeholders. For instance, based on the unique combination of education, research, patient care and valorisation, the Dutch University Medical Centres are very well suited to transfer science into innovation and to address the health-related challenges that Europe is facing. In higher professional education and VET, industrial innovation and innovation in education are realised through public-private partnerships.

The 'Centres of Expertise' (higher professional education) and the 'Centres for Innovative Craftmanship' (VET) are new and ambitious forms of cooperation among knowledge institutions, businesses and government.

These initiatives will help find the solutions to societal challenges and facilitate faster adaptation of new processes, services and products.

ESI funding should be targeted to wide-ranging knowledge valorisation, where educational institutions provide knowledge and expertise. Economic growth and competitiveness should be accrued through co-creation between knowledge providers and business in the valorisation chain. This means realising cross-overs in one or more regions between sectors at different levels, both at the thematic level (e.g. high-tech and agro food) and by stimulating public-private partnerships (especially SMEs).

Regional partnerships with knowledge institutions, businesses and local partners flourish best when given local ownership and power of control, and when they are linked to challenges associated with regional labour markets. The interregional collaboration of innovation hubs expresses itself through the development and use of test beds, living labs, and demonstration sites.

More specifically, this means that

- Increased accessibility for funding should be further explored. Increased funding is needed to target wide-ranging regional knowledge valorisation.
- In addition to larger projects, in terms of financing and multi-annual commitment, there should be more focus on smaller projects to support disruptive innovation. This will result in impact-driven and problem solving-driven orientations in all phases of the innovation ecosystem and facilitate focused cross-regional and cross-sectoral partnerships in applied sciences.
- For the programme to function optimally and to be attractive to a broad range of participants, the administrative burden should be as low as possible.



KEY CONDITION

A strong, coherent and inclusive 'knowledge first' policy

Cohesion among European regions will permit Europe to address global challenges, stay competitive and reduce the innovation gaps in Europe more effectively. To allow Europe to tap into all of its potential, the Dutch knowledge community calls for the introduction of a Europe-wide coherent 'knowledge first' policy that connects all European, national and regional efforts in relevant policy areas, programmes and instruments that support the R&I ecosystem and high quality education systems.

The 'knowledge first' policy should stimulate the involvement of all relevant actors to become effective. Research, innovation, and education must join forces in integrated policies, programmes and projects, and connect researchers, citizens, companies and public institutions in triple and quadruple helix structures. Therefore, Europe needs national and regional commitment to realise a stairway to excellence and to build regional knowledge- and innovation-friendly environments.

Currently, major obstacles exist in terms of blending of project funding, and few public institutions are not allowed to use loans as a funding scheme. The impact of R&I can be maximised by building a "house of synergies" with mutually enforceable rules throughout the entire value chain.

Legal and administrative conditions such as deadlines must be aligned to realise these synergies. Policy makers must reduce the gaps between the value chains by designing complementary programmes and instruments. To that end they focus on the user-friendliness of programmes. Information and simplification by establishing a single rulebook and stronger links with the European semester will be beneficial.

In addition, state-aid rules must better serve the fundamental objective of strengthening R&I in Europe. Amendments to state-aid rules should enable Member States to take up the results of Horizon 2020 and ESI Funds on an equal footing. Implementation of good projects from Horizon 2020 could then be better supported through national co-financing of an ESI Funds programme.

On the eve of the presentation of the proposals for FP9, ERASMUS+, ESI Funds and other programmes, the European Commission must take the lead in fine-tuning. Programmes and instruments are often designed for specific activities and, thus, act in a stand-alone manner. The Dutch knowledge community invites the Commission to design a holistic strategy for the different programmes and is willing to share experiences with partners throughout Europe.



More specifically, this means that

- Optimised synergies between EU financing programmes, such as FP9 and Erasmus+. Researchers, citizens, companies and public institutions should be connected through EU financing programmes that are supportive of R&I and education. Research, innovation, and education must join forces through integrated policies, programmes and projects. National priorities and connected investments should set the pace and lead the way for successful
- European cooperation. Mobilising human capital. Young people will be attracted by R&I if they are offered (international) careers. Research and innovation projects and communities should welcome young researchers in their activities more often. Regions could for instance use the ESI Funds to provide funding for R&I projects awarded with the Seal of Excellence.
- FP9 and ESI Funds must support the development of excellent European clusters, innovation hubs and smart partnerships for regional impact to optimise the benefits of EU cooperation. All programmes and projects must focus on transfer and co-creation of knowledge and strengthening the innovation ecosystem. This can be achieved by connecting education, people and business.

Colophon

This paper was drafted to support the European Commission's consultation process on EU funds in the post-2020 Multiannual Financial Framework in the area of cohesion.

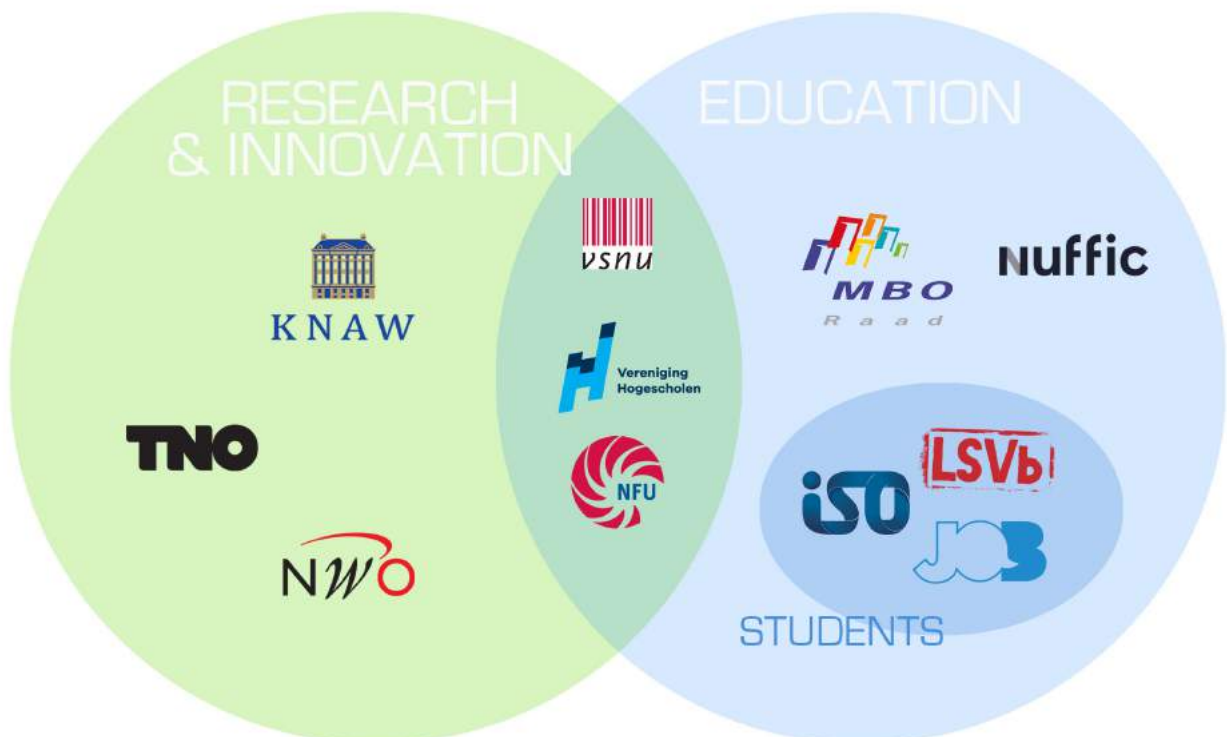
Neth-ER is a Brussels-based association of eleven Dutch organisations working in the field of education, research and innovation. Neth-ER looks forward to helping shape the future of EU knowledge policy together with European institutions, national governments and stakeholder organisations.

Neth-ER members:

- Association of Universities in the Netherlands (VSNU) (www.vsnu.nl)
- Netherlands Association of Universities of Applied Sciences (VH) (www.verenighogescholen.nl)
- Netherlands Association of Vocational Education Colleges (MBO Raad) (www.mboraad.nl)
- Netherlands Federation of University Medical Centres (NFU) (www.nfu.nl)
- Netherlands Organisation for Applied Scientific Research (TNO) (www.tno.nl)
- Netherlands Organisation for the internationalisation of education (Nuffic) (www.nuffic.nl)
- Netherlands Organisation for Scientific Research (NWO) (www.nwo.nl)
- Royal Netherlands Academy of Arts and Sciences (KNAW) (www.know.nl)

Neth-ER associated members:

- Dutch National Student Association (ISO) (www.iso.nl)
- Dutch National Student Union (LSVb) (www.lsvb.nl)
- Union of Vocational Students (JOB) (www.jobmbo.nl)



Neth ER



Netherlands house for Education and Research

Aarlenstraat 22
1050 • Brussel
België

+32 2 511 50 40
neth-er@neth-er.eu