

No blanket solution for boosting innovation in Europe

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Europe's most innovative clusters compete with the best in the world, but other regions are not even 'also rans' Now the Commission is making moves to level up and drive 'innovation cohesion' across the EU

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The disparities in innovation performance and the shortcomings of different national systems are so diverse that boosting the EU's overall innovation performance cannot be one size fits all but will require tailored solutions for different regions, MEPs heard today.

“When talking about innovation cohesion, we need to consider different alternative innovation models,” Isidro Laso, cabinet member in DG Research, said in an event hosted by the association Knowledge4Innovation.

“This is why in the European Commission we are taking a comprehensive approach, acting in four complementary ways,” Laso said, speaking on behalf of the research commissioner Mariya Gabriel.

The Commission is working on a new innovation strategy to tackle the fragmentation of existing start-up ecosystems. Europe lost out to the US in the previous wave of innovation around the internet and next time around, the Commission is aiming to dominate the deep tech market.

Laso said the Commission's four lines of action will be: convincing member states to boost national investment in research and development; making it easier for less innovative regions to access the EU research programme Horizon Europe; developing a pan-European innovation ecosystem; and supporting universities to become engines of regional innovation.

The hope is these will lay the foundation for building stronger regional innovation ecosystems.

The plan will be published in the coming months and the debates with MEPs organised by Knowledge4Innovation are feeding into the work, alongside consultations with leading European companies, start-up associations and investor groups.

Innovation cohesion is one of the main issues to be addressed in the plan. Europe has a very fragmented innovation landscape, with some regions producing far more start-ups and attracting more investments than others. The differences are especially stark between western Europe and the EU's newer member states in the east, although the gap is slowly shrinking, [according to \(https://ec.europa.eu/commission/presscorner/detail/en/IP_21_3048\)](https://ec.europa.eu/commission/presscorner/detail/en/IP_21_3048) the Commission's innovation scoreboard.

The Horizon Europe research programme is making moves to bridge the divide. The new European Research Area (ERA) Forum for Transition will bring together member states and research stakeholders to brainstorm how to prioritise research and development investments. But member states and the Commission are still hashing out how this will work in practice, with member states expected to come out with a decision at the end of November.

Until then, it remains unclear on what terms stakeholders, such as research organisations and universities, will be involved and whether non-Horizon Europe countries will be able to contribute.

There is a much bigger budget for boosting participation from countries that tend to get less out of the research programmes, with 3.3% of the €95.5 billion budget of the Horizon Europe allocated to the cause.

“ERA can exist only if we have sufficient cohesion in terms of innovation. When we look at the landscape in Europe, still today the capacities for research and innovation vary greatly across the European Union. Now is the time to try to close the gap,” said centre-right MEP Maria da Graça Carvalho.

Innovation paradox

What works for countries with better developed innovation ecosystems may not work for those that lag behind. Even straightforward increases in research and development investments could backfire if there is a lack of skills, scientific infrastructure and private sector involvement, a phenomenon known as the innovation paradox.

In regions that are missing these essential building blocks, “You start to see actually in certain instances that you might even have negative returns to R&D investments if you prematurely invest in R&D,” said Natasha Kapil, senior innovation policy specialist at the World Bank.

There’s also the tricky issue that while striving for inclusion, the EU is set on building excellence. The two are not mutually exclusive, but are at times difficult to reconcile. “Sometimes we have difficulty in merging those two different identities of Europe in a strong European innovation strategy,” said Romanian MEP Victor Negrescu. “We have to find proper ways to do that.”

The good news is that in the next few years, the EU will have extra funds to build up capacities with the help of the EU recovery plans and EU budget programmes. But, stressed Carvalho, “They need to be well applied in terms of content and in terms of projects.”

Kapil agreed that spending smart should be a key priority. In Bulgaria, Croatia, Poland and Romania, the lion’s share of R&D expenditure comes from EU funds, which means European spending dictates some member states’ priorities. “The European Commission has a very big role to play in terms of influencing how well these programmes are designed, implemented, managed and how the outcomes of these programmes can go in the future,” she said.