

Nam, Chang Woon

**Article**

## R&D and Innovation Promotion in the Context of EU Cohesion Policy: The Case of the Spanish Regions

CESifo Forum

**Provided in Cooperation with:**

Ifo Institute – Leibniz Institute for Economic Research at the University of Munich

*Suggested Citation:* Nam, Chang Woon (2017) : R&D and Innovation Promotion in the Context of EU Cohesion Policy: The Case of the Spanish Regions, CESifo Forum, ISSN 2190-717X, Ifo Institut - Leibniz-Institut für Wirtschaftsforschung an der Universität München, München, Vol. 18, Iss. 3, pp. 25-26

This Version is available at:

<http://hdl.handle.net/10419/181187>

**Standard-Nutzungsbedingungen:**

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

**Terms of use:**

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*

Chang Woon Nam\*

# R&D and Innovation Promotion in the Context of EU Cohesion Policy: The Case of the Spanish Regions

At present the EU cohesion policy targets ‘all’ regions and cities in the European Union. It aims to promote job creation and business competitiveness, stimulate economic growth and sustainable development, and, finally enhance inhabitants’ quality of life. In order to achieve these goals in all EU regions, an amount of 351.8 billion euros – almost a third of the total EU budget – has been allocated to the cohesion policy for 2014–2020.<sup>1</sup> This policy provides the necessary ‘investment framework to achieve the smart, sustainable and inclusive growth in the EU’<sup>2</sup> set out in the Europe 2020 strategy. The five main targets of this strategy include:

1. Employment: 75 percent of the 20–64 year-olds to be employed
2. Research & development: 3 percent of the EU’s GDP to be invested in R&D
3. Climate change and energy sustainability: (a) greenhouse gas emissions to be reduced by 20 percent (or even by 30 percent, if the conditions are right); (b) the share of renewable energy in final energy consumption to be increased to 20 percent; and (c) increases in energy efficiency by 20 percent
4. Education: (a) reducing the rates of early school leavers below 10 percent; while (b) increasing the share of the population aged 30–34 having completed tertiary to 40 percent
5. Fighting poverty and social exclusion: at least 20 million fewer people in or at risk of poverty and social exclusion.<sup>3</sup>

\* ifo Institute.

<sup>1</sup> In both the EU cohesion policy budget for the periods 2000–2006 and 2007–2013, the concentration of financial supports on the so-called cohesion regions (former objective 1 regions) reached 75 percent of total 234 billion euros and 82 percent of total 347 billion euros, respectively. Yet, for the period 2014–2020, the corresponding share amounts ‘only’ to 52 percent of total 351.8 billion euros.

<sup>2</sup> [http://ec.europa.eu/regional\\_policy/en/policy/what/investment-policy/](http://ec.europa.eu/regional_policy/en/policy/what/investment-policy/).

<sup>3</sup> See [https://ec.europa.eu/info/strategy/european-semester\\_en](https://ec.europa.eu/info/strategy/european-semester_en).

The EU cohesion policy is evolving constantly. In particular, its promotion of R&D and innovation activities has changed from one EU budget period to another. For example, the EU cohesion policy in the budget period of 2007–2013 was restructured and became confluent with the 2000 Lisbon treaty, which aims to make the EU a more competitive and dynamic knowledge-based economy, capable of sustainable economic growth with more and better jobs and greater social cohesion. This political idea has partly been generated due to the lack of any clear consensus on the impact of ‘past redistribution-oriented’ EU cohesion policy on the economic growth of EU regions and convergence in the EU. Consequently, compared to the financial support from Structural Funds made in the context of EU budget 2000–2006, which was mainly concentrated on infrastructure and human capital development, the Lisbon strategy’s focus on the knowledge economy created new policy orientations for the EU cohesion policy (De Bruijn and Lagendijk 2005).

Let us now take a detailed look at the EU cohesion policy operational programmes officially adopted by the European Commission at the beginning of the budget years. For such programmes, the total cost of regional programmes and the respective EU contribution are reported on the NUTS 2 level.<sup>4</sup> These programmes were prepared by each EU member state and present the weights of financial priorities (e.g. infrastructure, innovation, human capital, environment, etc.) set by the national and regional authorities for the corresponding budget period. Table 1 compares the share of R&D and innovation promotion grants – measured in terms of the national and EU sum of innovation support divided by total cost of the regional programme<sup>5</sup> – for the individual Spanish NUTS 2 regions in different EU budget periods.

Table 1 demonstrates several critical aspects. As already mentioned above, the EU cohesion policy has been continuously revised under the consideration of changing macroeconomic circumstances and the subsequent most immediate economic problems (e.g. the Lisbon treaty as a reaction to the EU’s stagnating economic growth; the negative impact of the 2009 financial crisis on the EU regions). Such flexibility in policy design and implementation may certainly be deemed appropriate and necessary. Yet the EU regional policy and its emphasis in different budget periods do not appear to have been coherent in the field of innovation promotion in the Spanish NUT 2 regions considered here.

In addition, the design and implementation of EU cohesion policy should ideally have a stronger regional (i.e. ‘bottom-up’) dimension, endowed with a multi-level governance structure to accommodate it. By contrast, the Lisbon Agenda and Europe 2020 were imposed

<sup>4</sup> See [http://ec.europa.eu/regional\\_policy/en/atlas/programmes/](http://ec.europa.eu/regional_policy/en/atlas/programmes/).

<sup>5</sup> The EU only provides financial means for the regional projects if national authorities also chip in. Such a ‘matching co-finance principle’ (or the so-called ‘additionality principle’) aims at ensuring the complementary relationship between the fund providers in the context of the EU cohesion policy (Nam and Wamser 2011).

Table 1

**R&D and Innovation Promotion in Spanish Regions in the Context of EU Cohesion Policy**

Spanish NUTS 2 regions	Budget year 2000-2006	Budget year 2007-2013	Budget year 2014-2020
	Innovation promotion as a %-share of total public contributions**	Innovation promotion as a %-share of total public contributions**	Innovation promotion as a %-share of total public contributions**
Castile-La Mancha*	1.9	25.7	39.5
Canary Islands*	4.2	16.3	24.2
Castilla y León*	2.7	36.3	na
Extremadura*	4.4	23.5	34.0
Murcia*	3.4	30.8	30.6
Asturias*	2.2	35.2	25.3
Ceuta*	0.0	16.9	0.0
Melilla*	0.0	20.3	0.0
La Rioja	26.7	80.0	na
Andalusia*	3.0	27.2	15.0
Valencia*	9.3	41.0	53.0
Galicia*	14.7	24.7	na
Basque Country	32.7	72.0	44.6
Catalonia	29.5	51.6	40.9
Navarre	42.1	90.4	na
Aragon	33.9	81.0	na
Balearic Islands	26.9	56.2	16.0
Madrid	36.9	61.7	na
Cantabria*	6.6	79.8	20.0

Notes: \* = Objective 1 regions defined in the framework of the EU Regional Development Programs 2000-2006; \*\* = EU contribution + national contribution; na = not available.

Source: European Commission; Wamser *et al.* (2013).

top-down on EU members with targets that are more macro- than micro-economic, and therefore have an overriding national dimension – the fact which clearly violates the subsidiarity principle (see also De Propris 2007).

More importantly, while cohesion policy originally aims at enabling poorly performing regions to catch up to core regions in the EU, the R&D and innovation promotion triggered by the Lisbon Agenda and Europe 2020 seems to strengthen the competitiveness of strongly-performing regions in the EU. Innovation efforts to date in the less affluent EU regions with a traditional socio-economic structure have remained in vain, mainly due to the limited vision of firms caused by their concentration on local markets, their weak capacity to absorb new ideas and technologies, limited levels of entrepreneurship, their lack of access to local research and knowledge transfer networks, etc. (Wamser *et al.* 2013).

## REFERENCES

- De Bruijn, P. and A. Legendijk (2005), "Regional Innovation Systems in the Lisbon Strategy", *European Planning Studies* 13, 1153–1172.
- De Propris, L. (2007), "EU Clusters and Competitiveness Policy", *Policy Studies* 28, 327–345.
- Nam, C.W. and G. Wamser (2011), "Application of Regionally Varying Co-financing Degrees in the Practice of EU Cohesion Policy", *CESifo Forum* 12(4), 57–67.
- Wamser, G., C.W. Nam and A. Schoenberg (2013), "The Lisbon Agenda and Innovation-oriented Cohesion Policy: A New Challenge for Economic Integration among the EU Regions", *Journal of Economic Integration* 28, 37–58.